

Message Text

PAGE 01 USNATO 13096 280041Z
ACTION EUR-12

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S E C R E T SECTION 01 OF 36 USNATO 13096

E.O. 11652: GDS
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PAGE 02 USNATO 13096 280041Z

TAGS: NATO, PORG
SUBJECT: ALLIANCE EAST-WEST STUDY - TEXT OF REVISED
DRAFT OF PART I

REFS: (A) USNATO 12874 (NOTAL), (B) USNATO 11492 (NOTAL)

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1. THERE FOLLOWS BELOW THE TEXT OF ISD/165 (2ND REVISE)
WHICH IS THE CURRENT DRAFT OF PART I OF THE ALLIANCE
EAST-WEST STUDY AS REVISED BY THE INTERNATIONAL STAFF
(REF A). IN HIS COVER LETTER, THE CHAIRMAN OF THE SPC

NOTES THAT THE INTERNATIONAL STAFF IN PREPARING THIS LATEST REVISION, TOOK ACCOUNT OF COMMENTS AT THE NOVEMBER 10 HIGH LEVEL EXPERTS MEETING AND FROM THE MEMBERS OF THE SPC AS WELL AS THE TEXTUAL CHANGES AND AMENDMENTS RECEIVED FROM VARIOUS DELEGATIONS. HE POINTS OUT THAT CONTRADICTIONS BETWEEN CERTAIN AMENDMENTS, RESTRUCTURING OF THE DRAFT (REF B) AND CONCERN WITH ITS OVERALL LENGTH PRECLUDED THE INCORPORATION OF AMENDMENTS IN ALL INSTANCES.

2. AS STATED REFTEL A, THE SPC WILL CONSIDER THE REVISED DRAFT ON JANUARY 10.

3. BEGIN TEXT:

- ALLIANCE STUDY OF EAST-WEST RELATIONS
- SOVIET UNION AND EASTERN EUROPE: TRENDS IN INTERNAL AND
- REGIONAL DEVELOPMENTS AND EXTERNAL POLICIES

CHAPTER ONE: INTERNAL TRENDS IN THE SOVIET UNION

I. INTRODUCTION

1. THE SOVIET UNION IS CURRENTLY ENJOYING THE LONGEST PERIOD IN ITS HISTORY FREE FROM WAR OR TRAUMATIC
SECRET

PAGE 03 USNATO 13096 280041Z

SOCIAL OR POLITICAL UPHEAVAL. THE BREZHNEV PHASE HAS INTRODUCED A CERTAIN SENSE OF PERSONAL SECURITY AND STABILITY FOR THE PEOPLE WHICH WAS TOTALLY LACKING UNDER STALIN AND LACKING TO A LARGE EXTENT UNDER KRUSHCHEV. FURTHERMORE, THERE HAS BEEN A PERCEPTIBLE, THOUGH UNEVEN, IMPROVEMENT IN LIVING STANDARDS IN THE LAST DECADE. IT IS PROBABLY TRUE THAT, WHATEVER THE COST OF THE STABILITY, THE MAJORITY OF BOTH OFFICIALS AND ORDINARY CITIZENS CONTINUE TO WELCOME IT AS A RESPITE FROM THE UPHEAVALS OF FORMER YEARS. ADDED TO THIS IS THE INCLINATION OF THE PEOPLE TO ADAPT TO THE CIRCUMSTANCES IN VIEW OF THE SYSTEM IN CONTROL, THE OVERWHELMING POWER OF THE POLICE AND THE BUREAUCRACY, AND TO RETREAT INTO THE PRIVATE SPHERE. THERE IS NO EVIDENCE OF A DEGREE OF DISSATISFACTION AMONG THE POPULATION WHICH COULD ENDANGER THE STABILITY OF THE REGIME.

2. FOR THE FUTURE, AND TAKING INTO ACCOUNT THE NEED TO ADAPT TO CHANGING CIRCUMSTANCES, ONE FACTOR REMAINS AS THE TOP PRIORITY OF ANY SOVIET LEADERSHIP: TO RETAIN THE COMMUNIST PARTY'S TOTAL CONTROL OVER THE COUNTRY. THIS IS NOT JUST IN THE INTERESTS OF THE SEVERAL HUNDRED PEOPLE AT THE TOP OF THE POLITICAL LADDER BUT ALSO BENEFITS THE THOUSANDS OF TECHNOCRATS AND THE MANY THOUSANDS OF LESSER FUNCTIONARIES WHO EXERCISE CONSIDERABLE POWER AND AUTHORITY AND ENJOY MANIFOLD PRIVILEGES IN THE SYSTEM. THE SOVIET UNION HAS MUCH TO

OFFER TO THE AMBITIOUS WHO PUT THEIR SKILLS AT THE SERVICE OF THE REGIME AND WHO CONFORM, THOUGH OFTEN MORE AS A MATTER OF CONVENIENCE THAN CONVICTION. THE NEXT GENERATION OF LEADERS MAY BE EVEN MORE ATTACHED THAN THIS GENERATION TO MAINTAINING THE MATERIAL AND OTHER PRIVILEGES THAT GO WITH POWER IN THE USSR.

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PAGE 01 USNATO 13096 280049Z
ACTION EUR-12

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S E C R E T SECTION 02 OF 36 USNATO 13096

3. THE FACTORS OUTLINED ABOVE SUGGEST THAT IN THE
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PAGE 02 USNATO 13096 280049Z

SOVIET UNION BOTH LEADERS AND LED HAVE A CERTAIN COMMON
INTEREST IN ESCHEWING DRAMATIC CHANGES IN THE NEXT

FIVE TO TEN YEARS. POLITICALLY AT LEAST, MANY SIGNS POINT TO A REASONABLY SMOOTH TRANSITION OF LEADERSHIP ONCE BREZHNEV LEAVES THE SCENE, ALTHOUGH POLITICAL TURBULENCE CANNOT BE EXCLUDED. BARRING THE UNFORESEEN, THE FUTURE LEADERS WILL HAVE COME UP THROUGH THE PARTY APPARATUS AND BEEN THOROUGHLY SCHOOLED IN ITS WAY OF THINKING, THUS ENSURING CONTINUITY OF APPROACH TO MOST ISSUES. NO ONE AMONG THE POTENTIAL LEADERS SO FAR STANDS OUT AS SHOWING EXCEPTIONAL TALENT. YET THE MERE NUMBER OF CHANGES IN THE LEADERSHIP OVER THE NEXT FEW YEARS WILL IN ITSELF PROVIDE ELEMENTS OF INSECURITY AND UNCERTAINTY.

4. LEADERS WILL NEED TO SHOW SOME FLEXIBILITY IN THE FACE OF PROBLEMS IN SOVIET ECONOMIC, SOCIAL AND POLITICAL LIFE WHICH SEEM BOUND TO COME TO THE FORE IN THE COURSE OF THE NEXT DECADE AND BEYOND. AS THESE PROBLEMS BECOME MORE PRESSING, THEY MAY FORCE THE SOVIET LEADERSHIP TO MAKE HARD DECISIONS, PARTICULARLY AS REGARDS THE CONTRADICTION BETWEEN THE CENTRALISED POLITICAL STRUCTURE ON THE ONE HAND, AND THE NEED TO REVITALISE THE ECONOMY AND DEVELOP THE ADVANCED TECHNOLOGICAL SECTOR ON THE OTHER. IT IS IMPOSSIBLE TO PREDICT WITH ANY CERTAINTY THE COURSE TO BE FOLLOWED BY A NEW SOVIET LEADERSHIP, ESPECIALLY AFTER THE FIRST TRANSITION PERIOD IS OVER. WHILE THE LEADERS MAY BE INCLINED TO ADHERE TO PRESENT POLICIES, INCREASINGLY PRESSING PROBLEMS MAY DICTATE CHANGES. IT IS CONCEIVABLE ALSO THAT NEW LEADERS WILL BE FLEXIBLE IN ONE POLICY AREA WHILE PURSUING A RIGID, HARD LINE IN ANOTHER. THE POSSIBILITY OF REFORMS IMPOSED FROM THE TOP
SECRET

PAGE 03 USNATO 13096 280049Z

(AS UNDER KRUSHCHEV) ALSO CANNOT BE EXCLUDED AND INTRODUCES YET ANOTHER ELEMENT OF UNPREDICTABILITY.

II. ECONOMIC TRENDS

5. ALTHOUGH CURRENTLY RANKED AS THE SECOND INDUSTRIAL POWER IN THE WORLD, THE USSR APPEARS TO BE ENTERING A PROLONGED PERIOD OF REDUCED ECONOMIC GROWTH. FROM 1951-1970, HIGH LABOUR AND CAPITAL INPUTS INTO THE SOVIET ECONOMY PRODUCED AN AVERAGE ANNUAL INCREASE IN REAL GNP OF OVER 5.3 PERCENT. SINCE THE BEGINNING OF THE 1970'S. HOWEVER, GROWTH RATES HAVE BEEN DECLINING NOTICEABLY (1972-1975: ANNUAL AVERAGE 3.8 PERCENT).

6. AS A RESULT OF THE DROP IN THE SOVIET BIRTH RATE, THE AVAILABILITY AND QUALITY OF MANPOWER ARE LIKELY TO BECOME INCREASINGLY SERIOUS PROBLEMS, ESPECIALLY IN THE INDUSTRIAL AND SERVICES SECTORS. ANNUAL INCREMENTS IN THE LABOUR FORCE WILL DECLINE SHARPLY IN THE 1980'S,

RECOVERING ONLY LATE IN THE 1990'S. IN ADDITION, REGIONAL DIFFERENTIALS IN BIRTH RATES WILL RESULT IN A DECREASING PROPORTION OF ETHNIC RUSSIANS VIS-A-VIS CENTRAL ASIAN AND TRANSCAUCASIAN PEOPLES. WHEN THEY REACH WORKING AGE, THESE ETHNIC RURAL MINORITIES ARE LIKELY NEITHER TO MOVE VOLUNTARILY TO NORTHERN INDUSTRIAL CENTRES NOR TO ADAPT QUICKLY TO SOPHISTICATED INDUSTRIAL ACTIVITIES.

7. THE FUTURE LEADERSHIP'S OPTIONS IN DEALING WITH THE SITUATION APPEAR LIMITED. SHORT OF INTRODUCING RADICAL MEASURES SUCH AS FORCED LABOUR MOVEMENTS FROM CENTRAL ASIA, IT MIGHT: LOWER THE SCHOOL-LEAVING AGE A LITTLE; REORGANIZE INCENTIVES TO INDUCE MANPOWER TO MOVE VOLUNTARILY AND PLANTS TO SHED THEIR SURPLUS LABOUR; RELOCATE INDUSTRIES TO AREAS WHICH HAVE SURPLUS LABOUR; INVEST MORE

SECRET

PAGE 01 USNATO 13096 280048Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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S E C R E T SECTION 03 OF 36 USNATO 13096

SUBSTANTIALLY IN LABOUR-SAVING TECHNOLOGY; RETAIN OR
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PAGE 02 USNATO 13096 280048Z

RECALL SKILLED OLDER WORKERS OR EVEN GO SO FAR AS TO
REDUCE THE PERIOD OF NATIONAL SERVICE.

8. THE IMPORTANCE OF ENERGY RESOURCES, ESPECIALLY OIL, TO THE FUTURE OF SOVIET ECONOMIC GROWTH CANNOT BE OVERSTATED. NATURAL RESOURCES OF OIL AND OTHER RAW MATERIALS, WHILST NOT NECESSARILY LIMITED IN THE USSR, ARE BECOMING INCREASINGLY DIFFICULT TO EXTRACT AND MORE COSTLY TO DEVELOP IN THE NEWER ENERGY AREAS OF SIBERIA AND CENTRAL ASIA, AT A TIME WHEN THE DEPLETION OF FUEL AND MINERAL RESOURCES WEST OF THE URALS IS CONCEDED BY THE AUTHORITIES. MOREOVER, NEW OIL DEPOSITS ARE REPORTEDLY NOT BEING FOUND AND EXPLOITED RAPIDLY ENOUGH TO OFFSET DECLINES ELSEWHERE. THE RECOVERY RATE HAS, THEREFORE, POSSIBLY FALLEN BEHIND INCREASES IN THE OIL OUTPUT RATE.

9. CONTINUATION OF THE CURRENT ENERGY POLICY COULD, BY 1985, EVEN RESULT IN OIL CONSUMPTION SOMEWHAT EXCEEDING OUTPUT, ALTHOUGH THIS IS STILL CONTROVERSIAL. THE IMPLICATIONS OF A SHORTFALL ARE NUMEROUS: FOR EXAMPLE, OIL EXPORTS ACCOUNTED FOR ALMOST HALF OF SOVIET CONVERTIBLE CURRENCY REVENUES IN 1976. THE CONSEQUENCE OF OIL PRODUCTION LIMITATIONS WOULD BE FAR LESS HARD CURRENCY AVAILABLE FOR TECHNOLOGY PROCUREMENT FROM THE WEST. IN ADDITION, THE USSR WOULD HAVE DIFFICULTY MAINTAINING SUPPLIES TO THE EAST EUROPEAN COUNTRIES (ROMANIA EXCLUDED) FOR THE BULK OF THEIR OIL AND, INDEED, GAS. THIS, IN TURN, COULD PRODUCE EXCEPTIONAL ECONOMIC PRESSURES AMONG THE SMALLER COMECON MEMBERS WHICH WOULD LACK THE FINANCIAL MEANS FOR OIL PURCHASES ON THE WORLD MARKETS.

SECRET

PAGE 03 USNATO 13096 280048Z

10. CONSEQUENTLY, IN THE SHORTER TO MEDIUM TERM, A SIMPLE STAGNATION IN THE GROWTH OF ENERGY OUTPUT WILL UNEQUIVOCALLY CONSTRAIN ECONOMIC GROWTH IN THE USSR UNLESS THE SOVIETS FIND WAYS TO SAVE LARGE AMOUNTS OF ENERGY OR SHIFT FROM A NET EXPORTER TO A NET IMPORTER OF OIL. BUT, AREAS FOR LARGE OIL SAVINGS ARE HARD TO FIND IN THE USSR, WHERE INDUSTRY IS OIL-BASED AND THERE ARE FEW AUTOMOBILES AND MOST ARE FOR COMMERCIAL OR INDUSTRIAL USE. UNDOUBTEDLY, THE SOVIETS WILL MAKE EFFORTS RAPIDLY TO DEVELOP THEIR

LARGE RESERVES OF NATURAL GAS AS A SUBSTITUTE FOR OIL, BOTH FOR DOMESTIC USE AND FOR COMECON EXPORT. REACTIVATION OF COAL MINES MAY ALSO HELP TO FORESTALL THE EFFECTS OF A DECLINE IN OIL OUTPUT, BUT COAL IS EXPENSIVE TO TRANSPORT LONG DISTANCES, AND MUCH OF THE USSR'S COAL IS OF POOR QUALITY. SUBSTITUTION OF COAL AND GAS IS A LONGER-TERM SOLUTION WITH ONLY MINIMAL RESULTS INTO THE LATE 1980S. NOR CAN NUCLEAR POWER PROVIDE MUCH RELIEF FOR AT LEAST A DECADE. SHOULD HARD CURRENCY SHORTAGES OCCUR, DESPITE AN INCREASING SHARE OF THE WORLD ARMS MARKET, THE SOVIETS MIGHT WELL TRY TO SEEK TO PROCURE OPEC OIL BY BARTER FOR MILITARY EQUIPMENT, ALTHOUGH THE OIL-PRODUCING NATIONS TEND NOWADAYS TO DEMAND CONVERTIBLE CASH PAYMENT.

11. THE SOVIET UNION HAS CHANNELLED VERY CONSIDERABLE FUNDS INTO INVESTMENT IN PREVIOUS PLANS AND WILL CONTINUE TO DO SO, PARTICULARLY IN THE ENERGY, INDUSTRY AND TRANSPORT SECTORS, IN ORDER TO INCREASE ITS ECONOMIC POWER. NEVERTHELESS, AND DESPITE HUGE INVESTMENT IN RESEARCH AND DEVELOPMENT, IT WILL CONTINUE TO LAG WELL BEHIND THE WEST IN TERMS OF TECHNOLOGY, PROBABLY BY STILL AS MUCH AS 5-8 YEARS IN CERTAIN ESSENTIAL BRANCHES OF THE CIVILIAN SECTOR, AND ESPECIALLY IN ELECTRONICS, AND IN OIL EXTRACTION AND TRANSPORT

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PAGE 01 USNATO 13096 280044Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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S E C R E T SECTION 04 OF 36 USNATO 13096

IN LOW TEMPERATURES.
SECRET

PAGE 02 USNATO 13096 280044Z

12. THE MAIN CURRENT OBSTACLES TO PROGRESS, PARTICULARLY THE INHIBITIONS ON THE FREE EXCHANGE OF INFORMATION BETWEEN SOVIET AND WESTERN SCIENTISTS AND TECHNOLOGISTS, THE UNWIELDINESS OF THE BUREAUCRATIC MACHINE, THE BARRIERS BETWEEN CIVILIAN MINISTRIES AND BETWEEN THE LATTER AND MILITARY ADMINISTRATIONS, THE LACK OF CO-OPERATION BETWEEN THE CIVILIAN AND MILITARY SECTORS OF PRODUCTION, WILL IN ALL LIKELIHOOD STILL BE THERE IN THE 1980S. THE NEW MEN AT THE TOP WILL ALWAYS HESITATE BEFORE MAKING ANY MAJOR CHANGES IN THESE AREAS, EITHER FOR DOCTRINAL REASONS OR FOR FEAR OF ADVERSE POLITICAL CONSEQUENCES.

13. IMPORTS OF WESTERN TECHNOLOGY WILL THEREFORE CONTINUE TO BE NEEDED TO MEET GROWTH TARGETS IN THE MEDIUM TERM, PARTICULARLY IN PROMOTING RAPID GROWTH IN SUCH FIELDS AS THE CHEMICAL AND AUTOMOBILE INDUSTRIES, COMPUTERIZATION, MICROCIRCUITRY AND PETROCHEMICALS AS WELL AS IN THE HARNESSING OF OIL AND NATURAL GAS DEPOSITS IN DIFFICULT GEOLOGICAL CONDITIONS AND IN LOW TEMPERATURES. ALTHOUGH THE ABSORPTION AND UTILISATION OF IMPORTED TECHNOLOGY WILL REMAIN SLOW BY WESTERN STANDARDS, SUCH TECHNOLOGY WILL CONTINUE TO BOOST CAPITAL PRODUCTIVITY (IN SOME INSTANCES, TWO AND A HALF TIMES THE PRODUCTIVITY OF SIMILAR SOVIET TECHNOLOGY).

14. THE NEED TO LIMIT THE BALANCE OF PAYMENTS DEFICIT, WILL, HOWEVER, PUT A BRAKE ON THIS SYSTEMATIC TENDENCY TO IMPORT WESTERN TECHNOLOGY ON A MAJOR SCALE. THE SOVIET UNION WILL NO DOUBT BE ATTEMPTING TO INCREASE ITS EXPORTS IN THE EIGHTIES. THIS AIM WILL
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PAGE 03 USNATO 13096 280044Z

BE ACHIEVED WITH THE HELP OF NATURAL GAS, IF NOT OIL,

AND ATTEMPTS WILL BE MADE TO SECURE CERTAIN MARKETS FOR SOVIET MANUFACTURES IN THE FRAMEWORK OF TRADE AGREEMENTS STEMMING FROM DELIVERIES OF TECHNOLOGY AND COMPRISING BUY-BACK CLAUSES. THE SOVIET UNION WILL ALSO TRY TO INCREASE LICENSING ARRANGEMENTS AND TECHNICAL ASSISTANCE AND TRAINING. AN INCREASE IN INVISIBLE EARNINGS FROM MERCHANT SHIPPING AND TOURISM CAN LIKEWISE BE ANTICIPATED, WHILE ARMS SALES MAY CONTINUE AT THE RATE OF APPROXIMATELY \$2 MILLIARDS PER ANNUM.

15. HOWEVER, THESE RECEIPTS WILL PROBABLY NOT SUFFICE TO OFFSET THE VALUE OF IMPORTS AND INVISIBLE PAYMENTS SUCH AS ROYALTIES ON PATENTS AND LICENCES. GRAIN IMPORTS, DEPENDING AS THEY DO ON UNFORESEEABLE CLIMATIC CONDITIONS, WILL BE AN UNPREDICTABLE, BUT UNDOUBTEDLY FAIRLY COSTLY ELEMENT OF FOREIGN PROCUREMENT. A GRADUATED CHOICE BETWEEN DIFFERENT TYPES OF TECHNOLOGICAL IMPORTS IS THEREFORE ON THE CARDS. NONE THE LESS, THE USSR WILL NO DOUBT RISK AN INCREASE IN ITS OVERALL INDEBTEDNESS TO THE WEST SINCE, WITH ITS GOLD RESERVES AND ITS EXTENSIVE POTENTIAL RESOURCES OF ENERGY AND STAPLE PRODUCTS, IT WILL REMAIN SOLVENT. THE LEVEL OF INDEBTEDNESS WILL, HOWEVER, BE HELD IN CHECK BY TWO FACTORS, NAMELY THE SERVICING OF THE DEBT, WHICH COULD SOON TOP DOLLARS 5 MILLIARD, OR OVER A QUARTER OF FORESEEABLE SHORT TO MEDIUM-TERM EXPORT EARNINGS, AND THE NEED TO PROVIDE AN EXAMPLE OF A STRICTLY ORTHODOX FOREIGN TRADE POLICY FOR THE EAST EUROPEAN COUNTRIES, FOR WHOM EXTERNAL DEBTS ARE CREATING MORE SERIOUS PROBLEMS.

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PAGE 01 USNATO 13096 280042Z
ACTION EUR-12

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S E C R E T SECTION 05 OF 36 USNATO 13096

16. THE CONTRIBUTION MADE BY WESTERN TECHNOLOGY AND
SECRET

PAGE 02 USNATO 13096 280042Z

THE PALLIATIVE OF FOREIGN INDEBTEDNESS AS A
MEANS OF PROMOTING IMPORT PROGRAMMES ON A PAR
WITH MINIMUM PRODUCTION NEEDS WILL NOT BE SUFFICIENT
TO PRODUCE THE ECONOMIC EFFICIENCY AND OUTPUT NEEDED
TO MEET THE COMBINED REQUIREMENTS OF THE DEFENCE SECTOR,
OF INDUSTRY AND ITS CRYING NEED FOR INVESTMENT
AND OF CONSUMERS AS A WHOLE. ONLY FUNDAMENTAL PLANNING
AND MANAGEMENT REFORMS CAN GIVE THE NECESSARY SPUR TO
LABOUR AND CAPITAL PRODUCTIVITY AND PREVENT THE NEED
FOR DIFFICULT CHOICES OVER THE NEXT DECADE, EVEN
ASSUMING THAT AGREEMENTS ON ARMS LIMITATIONS PARTLY
STEM THE FLOW OF FUNDS INTO THE DEFENCE SECTOR SINCE
IT WOULD BE SOME TIME BEFORE THESE CHANGES LED TO A
PICK-UP IN THE ECONOMY.

17. A NEW LEADERSHIP MAY PERHAPS TRY TO BRING ABOUT
MORE EFFECTIVE WORK INCENTIVES AND WIDER DECISION-MAKING
POWERS FOR LOCAL MANAGERS. HOWEVER, THESE INITIATIVES
WILL INEVITABLY BE RESTRICTED BY AN AWARENESS OF THE RISKS
INVOLVED: AN OVER-STAFFED AND UNWIELDY BUREAUCRACY
WILL DO ALL IT CAN TO TORPEDO REFORMS WHICH WOULD REDUCE
ITS POWERS; PARTY MEMBERS, CLINGING TO THE OFFICIAL
IDEOLOGY, WOULD BE FEARFUL FOR THEIR PRIVILEGES AND THE
MILITARY ESTABLISHMENT WILL TAKE STEPS TO ENSURE THAT
THE MEANS AVAILABLE TO IT FOR SECURING THE STATE'S
EXTERNAL AND INTERNAL STRENGTH ARE NOT ENCROACHED UPON.
FREEDOM TO MAKE MAJOR CHANGES IN ECONOMIC TARGETS AND
THE ALLOCATION OF RESOURCES, AS WELL AS TO IMPROVE
THE LOT OF THE LABOUR FORCE, WILL THEREFORE BE EXTREMELY
LIMITED.

18. THE AGRICULTURAL SECTOR WHICH GENERATES AROUND
ONE-FIFTH OF SOVIET GNP WILL CONTINUE TO BE A MAJOR
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PAGE 03 USNATO 13096 280042Z

PROBLEM AREA FOR THE SOVIET LEADERSHIP. DESPITE ITS
HUGE SIZE, THE USSR IS NOT OVER-ENDOWED WITH GOOD
AGRICULTURAL LAND. FARM PRODUCTION IS WELL ABOVE THE
LEVEL OF A DECADE AGO, THE RESULT OF VERY LARGE INVEST-
MENT INPUTS AND RATHER FAVOURABLE WEATHER, WHICH MAY
REVERT TO THE MORE NORMAL AND HARSHER CONDITIONS
OF THE EARLY 1960S. THERE IS NO REASON, HOWEVER, TO
BELIEVE THAT AGRICULTURAL RESOURCES IN THE USSR CAN BE
MAXIMISED UNDER THE CURRENT, IDEOLOGICALLY INFLUENCED
SYSTEM, WITH ITS TREND TOWARDS LARGER-SCALE FARMING
AND CONTINUING HUGE CAPITAL INPUTS.

19. AROUND ONE-THIRD OF THE SOVIET WORK FORCE IS
TIED UP IN THIS SECTOR, BUT AN ESTIMATED 60-65 PERCENT
OF THE AGRICULTURAL FORCE CONSISTS OF UNSKILLED MANUAL
WORKERS, HENCE THE LOW RETURN ON EACH RUBLE INVESTED IN
FARMING. EMPHASIS ON SMALLER, MORE SELF-SUFFICIENT UNITS
COULD BE THE SOLUTION TO IMPROVED PRODUCTIVITY, BUT THIS
IS UNLIKELY EVEN IN THE MEDIUM-TERM DUE TO THE VERY
CONSERVATIVE SOVIET APPROACH TO AGRICULTURE. IN VIEW
OF WEATHER-RELATED CROP SHORTFALLS, PARTIAL IMPROVEMENTS
CAN ONLY BE SOUGHT IN GREATER INPUTS OF CHEMICALS AND
MACHINERY WITH FURTHER EARNINGS BOOSTS FOR SKILLED
FARMERS TO INDUCE THEM TO REMAIN IN THE
COUNTRY-SIDE. THE PRIVATE SECTOR, OCCUPYING AROUND
3 PERCENT OF THE CULTIVATED AREA, BUT SUPPLYING OVER
25 PERCENT OF THE GROSS FARM OUTPUT, SEEMS ASSURED OF
A SECURE EXISTENCE IN THE LONGER-TERM.

20. IN THE INDUSTRIAL SECTOR FUTURE POLICIES ARE ALSO
LIKELY TO DIFFER LITTLE IF ANY FROM CURRENT POLICY.
WHILE GROWTH TARGETS FOR BOTH HEAVY AND LIGHT INDUSTRY
SHOULD REMAIN LOWER THAN IN THE PAST, HEAVY INDUSTRY WILL

SECRET

PAGE 01 USNATO 13096 280044Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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INFO AMEMBASSY ANKARA POUCH
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S E C R E T SECTION 06 OF 36 USNATO 13096

STILL BE GIVEN PRIORITY OVER THE PRODUCTION OF CONSUMER
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PAGE 02 USNATO 13096 280044Z

GOODS, ESPECIALLY THOSE SECTORS GEARED TO MEETING
DEFENCE TARGETS, PRIMARILY THE METALLURGICAL, MACHINE
CONSTRUCTION AND CHEMICAL BRANCHES. THE USSR IS THE
WORLD'S LEADING PRODUCER OF IRON ORE AND STEEL. HOWEVER,
SOVIET INTENTIONS REMAIN THE OUPUT OF BETTER QUALITY
GOODS, PREFERABLY UTILISING LESS RAW MATERIALS AND
ENERGY. HOWEVER, COMMON PATTERNS EMERGE: PLANTS
CONTINUE TO HOARD SKILLED LABOUR AGAINST UNEXPECTED
FUTURE DEMANDS, TARGETS ARE STILL GEARED LARGELY TO
GROSS OUTPUT WHICH DISCOURAGES INNOVATION.

21. UNLESS PRODUCTIVITY CAN BE IMPROVED, THE PROBLEM
OF RESOURCE ALLOCATION WILL MOST LIKELY REMAIN SEVERE
IN THE CIVILIAN SECTOR. IT IS PROBABLE THAT AS THE
DEMANDS OF THE POPULATION BECOME MORE VOCAL AND
SOPHISTICATED, MORE OF AVAILABLE RESOURCES WILL HAVE
TO BE ALLOCATED TO THE DOMESTIC NEEDS OF THE WORKER.
REPORTEDLY, THE SOVIET WORKER REMAINS RELATIVELY CONTENT
AS LONG AS SOME IMPROVEMENTS ARE MADE. HOWEVER, IF HE
IS OBLIGED TO SUFFER AN EXTENDED STANDSTILL IN LIVING
LEVELS, THIS COULD SUBSTANTIALLY AFFECT INCENTIVES
AND, AT WORST, CAUSE PUBLIC UNREST.

III. SOCIO-POLITICAL TRENDS

22. THE REGIME'S SUCCESS IN MEETING THE ECONOMIC CHALLENGES OF THE FUTURE DEPENDS TO SOME EXTENT ON THE KIND OF LEADERS WHICH EMERGE IN THE POST-BREZHNEV PERIOD. THERE IS BOUND TO BE ONE CHANGE OF THE PARTY'S GENERAL SECRETARY. THERE MIGHT BE MORE: BREZHNEV'S POTENTIAL IMMEDIATE SUCCESSOR (KIRILENKO) IS HIS COEVAL AND MAY NOT LONG OUT-LIVE HIM. AFTER THAT THERE IS NO OBVIOUS LINE OF SUCCESSION. IN RECENT YEARS IT HAS NOT BEEN
SECRET

PAGE 03 USNATO 13096 280044Z

SO MUCH THE ELDERLY BUT THE YOUNGER MEN WHO HAVE BEEN EASED OUT OF THE POLITBURO, AND IF THE SENIOR MEMBERS OF THE PRESENT LEADERSHIP DEPART IN QUICK SUCCESSION THERE WILL INEVITABLY BE A PERIOD OF UNCERTAINTY WHILE THE NEW LEADERS SORT OUT THEIR RELATIONS WITH EACH OTHER AND, MOST OF ALL, SECURE THE NECESSARY BACKING OF THE PARTY.

23. OVER THE SHORT-TERM THE CENTRE OF GRAVITY MAY SHIFT TOWARDS THE PARTY'S EXECUTIVE ORGANS - THE SECRETARIAT AND THE DEPARTMENTS OF THE CENTRAL COMMITTEE. THIS SHOULD PROVIDE A LARGE MEASURE OF CONTINUITY DURING A PERIOD WHEN THERE MAY BE A LACK OF SURE JUDGEMENT IN MAJOR POLITICAL QUESTIONS. THE SECURITY AND MILITARY FORCES COULD PROVIDE AN ADDITIONAL ELEMENT OF STABILITY DURING ANY FORTHCOMING STRUGGLES FOR POWER, BEARING IN MIND THAT THE SOVIET MILITARY ESTABLISHMENT HAS NEVER EXERCISED AN INDEPENDENT ROLE IN SOVIET POLITICAL STRUGGLES.

24. IN THE EVENT OF CONFLICTS WITHIN A NEW LEADERSHIP, THE IMPORTANCE OF THE CENTRAL COMMITTEE, AS THE BODY TO WHICH THE POLITBURO AND SECRETARIAT ARE NOMINALLY ACCOUNTABLE, MAY BE EXPECTED TO INCREASE. ELECTED AT THE LAST PARTY CONGRESS IN MARCH 1976 FOR THE PERIOD UNTIL THE NEXT CONGRESS IN 1981, THE CENTRAL COMMITTEE IS MORE THAN EVER DOMINATED BY PARTY AND STATE EXECUTIVES; REFLECTING AGE AND EXPERIENCE IT MAY BE EXPECTED TO EXERCISE ITS INFLUENCE IN THE DIRECTION OF CAUTION AND RELIANCE ON WELL-TRIED METHODS.

25. ONCE A NEW LEADERSHIP FINDS ITS FEET, IT IS LIKELY TO BE AS PATERNALISTIC AND MANIPULATIVE IN CHARACTER, AND AS FUNDAMENTALLY DISTRUSTFUL OF THE OUTER WORLD, AS ITS PREDECESSORS. IT WILL SEEK TO CONFINE POLICY-MAKING

SECRET

PAGE 01 USNATO 13096 280047Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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S E C R E T SECTION 07 OF 36 USNATO 13096

EXCLUSIVELY TO THE POLITBURO AND SECRETARIAT AND PROTECT
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PAGE 02 USNATO 13096 280047Z

THE BASIC FEATURES OF THE SOVIET SYSTEM. AT THE SAME TIME, HOWEVER, PERSONAL DIFFERENCES AMONG THE VARIOUS LEADERS (AGE, BACKGROUND, INTERESTS), CONFLICTING AMBITIONS AND PROFESSIONAL RESPONSIBILITIES, AND DIFFERING RE-ACTIONS TO DOMESTIC AND EXTERNAL PRESSURES WILL CONTINUE TO INFLUENCE BEHAVIOUR TO SOME DEGREE. THERE WILL ALSO BE CONTINUING DIVERGENCIES BETWEEN THOSE LEADERS MORE WEDDED TO RESIDUAL STALINIST ORTHODOXY AND OTHERS TAKING A MORE CONFIDENT VIEW OF THE DOMESTIC SITUATION AND URGING MORE FLEXIBILITY. THESE DIVERGENCIES MAKE PREDICTIONS DIFFICULT, ESPECIALLY BEYOND THE SHORT-TERM: THE RISING GENERATION OF POTENTIAL SOVIET LEADERS IS NOT A HOMOGENEOUS GROUP, AND NO ONE CAN SAY WITH CERTAINTY WHAT POLICY LINES WILL EMERGE AS DOMINANT. ASSUMING CONSERVATISM AND CONTINUITY, ONE MAY PROJECT "BREZHNEVISM"

WITHOUT BREZHNEV; UNDER A MORE OPTIMISTIC HYPOTHESIS THE SUCCESSION STRUGGLE MAY GIVE RISE TO ONE OR MORE LEADERS ABLE TO ACCOMPLISH WITH RELATIVE SUCCESS WHAT KRUSHCHEV TRIED AND FAILED TO BRING ABOUT: A CONTROLLED TRANSFORMATION OF SOVIET SOCIETY TOWARD GREATER EFFICIENCY AND OPENNESS; FINALLY, WE CANNOT EXCLUDE THE POSSIBILITY THAT THE DIVISIONS WITHIN THE RULING GROUP AND AN ABORTIVE EXPERIMENT IN OPENNESS COULD LEAD TO A MORE REPRESSIVE ORIENTATION, AND THAT THE RESULTING INSTABILITY MIGHT HAVE INTERNATIONAL REPERCUSSIONS.

26. ON THE WHOLE, THE FUSION OF IDEOLOGY, HISTORICAL PRECEDENTS, AND VESTED BUREAUCRATIC INTERESTS SEEMS LIKELY TO PERPETUATE BOTH THE PRESENT CONSTRAINTS ON WHAT IS PERMISSIBLE IN POLITICAL THINKING, AND THE RELIANCE ON A CONSENSUS APPROACH TO POLICY-MAKING AT THE TOP. GOVERNMENT BY CONSENSUS IS NOT LIKELY TO PROVIDE A LEADERSHIP CAPABLE OF MAKING SOME OF THE DIFFICULT DECISIONS
SECRET

PAGE 03 USNATO 13096 280047Z

ON PROBLEMS, PARTICULARLY WITH THE ECONOMY, WHICH ARE GOING TO COME TO THE FORE. MOREOVER, THE PRESSURE FOR COMPROMISE AMONG THE VARIOUS SCHOOLS OF THOUGHT IN THE KREMLIN MAY WORK AGAINST ANY RADICAL SHIFT IN POLICY. THE LEADERSHIP WILL REMAIN UNEASY ABOUT ECONOMIC REFORMS WHICH ERODE PARTY CONTROLS, AND ABOUT SUCH MATTERS AS SOCIAL PROBLEMS (ESPECIALLY THOSE AFFECTING POLITICAL MOTIVATION AMONG YOUTH). THE NATIONALITIES QUESTION, AND DISSIDENCE.

27. SOCIAL PROBLEMS WILL REQUIRE A FUTURE LEADERSHIP TO REVITALISE THE REGIME'S IDEOLOGY - WHICH NO LONGER MEETS SOVIET SOCIETY'S REQUIREMENTS BOTH FOR A CREDIBLE SYSTEM OF VALUES AND FOR A SYSTEM WHICH PROVIDES THE MEANS OF ANSWERING THE TECHNOLOGICAL AND SOCIAL CHALLENGES OF THE TIMES. ONE PROBLEM IS THE GROWING MATERIALISTIC (AS OPPOSED TO MATERIALIST) OUTLOOK ON LIFE, WHICH IS WORRYING TO THE AUTHORITIES IN THAT IT IMPLIES THAT THE FUTURE GENERATION WILL NO LONGER BE PREPARED TO GIVE UP SO MUCH OF THEIR ENERGY TO THE MORE ILL-REWARDED TASKS SET BY THE STATE. UNSATISFIED RISING EXPECTATIONS FOR A MORE AFFLUENT SOCIETY COULD ALSO BRING DISTURBANCES. THE ILLUSION OF PASSING ONE MILESTONE AFTER ANOTHER (THE LATEST BEING THE STAGE OF "DEVELOPED SOCIALISM") WHILE IN FACT NO VERY SPECTACULAR ECONOMIC OR SOCIAL PROGRESS IS BEING MADE, FORCES BOTH LEADERS AND LED TO ATTEMPT EVEN GREATER FEATS OF SELF-DECEPTION. THE PROBLEM FOR THE PRESENT AND ANY FUTURE LEADERSHIP IS THAT SOCIETY IS BECOMING MORE SOPHISTICATED; THE LEADERS WILL STILL WANT THE PEOPLE TO THINK INTELLIGENTLY ABOUT SCIENTIFIC AND TECHNICAL MATTERS, BUT NOT ABOUT POLITICS.

28. THE NATIONALITIES QUESTION WILL ALSO REMAIN A DEL-

SECRET

PAGE 01 USNATO 13096 280043Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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S E C R E T SECTION 08 OF 36 USNATO 13096

ICATE ONE FOR THE FORESEEABLE FUTURE. ALTHOUGH IT HAS
SECRET

PAGE 02 USNATO 13096 280043Z

NOT YET POSED A SERIOUS THREAT TO THE REGIME, NATIONAL
CONSCIOUSNESS HAS INCREASED IN SOME AREAS AND COULD
INCREASE FURTHER AS THE RELATIVE DECLINE OF THE RUSSIAN
POPULATION IS ACCOMPANIED BY FURTHER EFFORTS TO MAINTAIN
ABSOLUTE CONTROL BY THE GREAT RUSSIANS AND TO SUBMERGE
NATIONAL CHARACTERISTICS IN THE ARTIFICIAL CONCEPT OF THE
NEW "SOVIET PEOPLE". THE STRENGTH OF GREAT RUSSIAN NATION-

ALISM PRACTICALLY RULES OUT THE POSSIBILITY THAT A NON-RUSSIAN WILL BE GENERAL SECRETARY IN THE FORESEEABLE FUTURE. REGIONAL ECONOMIC DISPARITIES WILL CONTINUE TO AGGRAVATE THE PROBLEM, AS WILL THE STATE'S ATTEMPTS TO SUPPRESS RELIGIOUS SECTS ASSOCIATED WITH NATIONAL MINORITIES. A NEW LEADERSHIP COULD BE FACED WITH DEMANDS FOR GREATER AUTONOMY FROM THE GROWING MOSLEM POPULATION IN CENTRAL ASIA; BY THE YEAR 2000, ONE OF FOUR SOVIET CITIZENS WILL BE OF MOSLEM ORIGIN. THE RETENTION OF THE FEDERAL STRUCTURE IN THE NEW SOVIET CONSTITUTION TESTIFIES TO THE AWARENESS OF PRESENT LEADERS TO THE DANGERS OF TRYING TO MOVE TOO FAST - AN AWARENESS LIKELY TO BE SHARED BY THEIR SUCCESSORS.

29. DISSIDENCE IS UNLIKELY TO BECOME MUCH MORE WIDESPREAD THAN IT IS NOW. THERE ARE, OF COURSE, MANY INDIVIDUALS WHO, FOR ETHNIC, RELIGIOUS, INTELLECTUAL, ARTISTIC, ECONOMIC AND OTHER REASONS, HAVE DARED TO EXPRESS OPENLY THEIR DISSATISFACTION WITH THE SYSTEM, AND WHO HAVE SUFFERED FOR IT. THIS WILL DOUBTLESS CONTINUE. WHILE THE FINAL ACT HAS NOT SIGNIFICANTLY ALTERED THE POSITION OF DISSIDENTS, IT HAS GIVEN THEM A LEVER TO USE IN THEIR RELATIONS WITH THE AUTHORITIES, AND HAS PROBABLY ADDED TO THE AUTHORITIES' CIRCUMSPECTION IN DEALING WITH THEM. BUT EVEN THE MAJOR DISSIDENTS ARE A LIMITED AND ISOLATED GROUP LACKING ANY RESPONSIBLE POSITION IN THE POWER STRUCTURE

SECRET

PAGE 03 USNATO 13096 280043Z

OF STATE AND PARTY. ALTHOUGH THE CRITICAL ATTITUDE THAT THEY HAVE ENGENDERED IN THE MINDS OF OTHER SOVIET CITIZENS IS LIKELY TO INCREASE AS THE GENERAL LEVEL OF SOPHISTICATION GROWS, THE BULK OF THE PEOPLE, AND EVEN THE BULK OF THE INTELLIGENTSIA, WHILE OFTEN GRUMBLING AND DISSATISFIED, ACCEPT THE SYSTEM AND ARE PREPARED TO WORK WITHIN IT. NEVERTHELESS, THE NEW LEADERS ARE LIKELY TO FEEL AS STRONGLY AS BREZHNEV THAT NO POLITICAL DISSENT CAN BE TOLERATED. THEY WOULD SEEM TO HAVE LITTLE OPTION OTHER THAN TO FOLLOW THE PRESENT LEADERSHIP'S POLICY OF SELECTIVE REPRESSION.

30. THE FIRST PRIORITY OF A NEW LEADERSHIP WILL BE PARTY UNITY AND THE MAINTENANCE OF PARTY CONTROL OVER ALL ELEMENTS OF SOVIET SOCIETY. A KEY TASK WILL BE TO ASSURE CONTINUED FULL PARTY DIRECTION OF THE MILITARY AND SECURITY ORGANIZATIONS. THE TREND UNDER BREZHNEV HAS BEEN FOR BOTH OF THESE GROUPS TO INCREASE IN IMPORTANCE AND PRESTIGE WHILE BEING AT THE SAME TIME MORE CLOSELY INCORPORATED INTO THE DECISION-MAKING APPARATUS. A SERIOUS PROBLEM WOULD ARISE IF THE PARTY, DIRECTLY INVOLVED IN ALL ASPECTS OF SOVIET LIFE, BUT PERHAPS LACKING IN STRONG CENTRAL LEADERSHIP, AND CONFRONTED WITH NUMEROUS SECTORAL PROBLEMS WHICH MAY GROW MORE ACUTE THROUGHOUT

THE 1980S, ITSELF DIVIDED INTO FACTIONS
WHICH BEGAN TO IDENTIFY THEMSELVES WITH THE INTERESTS
THEY WERE SUPPOSED TO CONTROL - MILITARY, ECONOMIC,
IDEOLOGICAL, AGRICULTURAL AND OTHERS - THAN WITH THE
INTERESTS OF A UNIFIED PARTY.

IV. MILITARY TRENDS

31. DESPITE THE POTENTIAL ECONOMIC AND SOCIO-POLITICAL

SECRET

PAGE 01 USNATO 13096 280050Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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S E C R E T SECTION 09 OF 36 USNATO 13096

PROBLEMS WHICH ARE LIKELY TO FACE ANY NEW LEADERSHIP, A
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PAGE 02 USNATO 13096 280050Z

CENTRAL PRIORITY IN SOVIET PLANNING SHOULD REMAIN UNAFFECTED: THE CONTINUED ALL ROUND GROWTH AND DEVELOPMENT OF SOVIET MILITARY STRENGTH. SOVIET LEADERS SEE A MASSIVE AND POWERFUL MILITARY ESTABLISHMENT UNDERTAKING TWO VITAL MISSIONS. OF FIRST IMPORTANCE ARE THE DEFENCE AND INTERNAL SECURITY REQUIREMENTS: FEELINGS OF INSECURITY VIS-A-VIS THE WEST AND CHINA AND THE NEED TO MATCH THE POWER OF THE UNITED STATES, PLUS REQUIREMENTS OF MAINTAINING STABLE POLITICAL CONDITIONS IN EASTERN EUROPE, AND TO SOME EXTENT, IN THE SOVIET UNION ITSELF. MILITARY STRENGTH IS ALSO A PREREQUISITE FOR THE REALISATION OF SOVIET POLITICAL POWER AND INFLUENCE ON A GLOBAL SCALE.

32. NO MAJOR CHANGES ARE EXPECTED IN THE STRUCTURE AND ORGANIZATION OF THE ARMED FORCES. THEIR MANPOWER STRENGTH IS ALSO ESTIMATED TO REMAIN FAIRLY CONSTANT WHILE A CONTINUOUS IMPROVEMENT IN COMBAT CAPABILITIES DUE TO THE INTRODUCTION OF NEW EQUIPMENT SHOULD BE EXPECTED. PARTICULAR EMPHASIS WILL BE PLACED ON FIREPOWER, MOBILITY AND VERSATILITY OF THE FORCES AND WEAPONS, ENABLING THEM TO REACH MORE DISTANT TARGETS FROM THEIR PEACETIME DEPLOYMENT LOCATIONS, AND TO OPERATE MORE EFFECTIVELY IN MORE DISTANT AREAS. THE MILITARY LEADERSHIP IS EXPECTED TO REMAIN SUBORDINATE AND BASICALLY LOYAL TO THE POLITICAL LEADERSHIP.

33. THE PROBLEM FOR THE FUTURE, HOWEVER, IS THAT ADEQUATE RESOURCES TO MEET BOTH THE COSTS OF MILITARY PROGRAMMES AND THE REGIME'S OTHER ECONOMIC REQUIREMENTS WILL BE HARD IF NOT IMPOSSIBLE TO COME BY. IN FACT, WITH SOVIET DEFENCE EXPENDITURES EXPECTED TO GROW FASTER THAN SOVIET GNP IN THE FORESEEABLE FUTURE, THERE WILL BE
SECRET

PAGE 03 USNATO 13096 280050Z

PROGRESSIVELY FEWER ADDITIONAL ECONOMIC RESOURCES AVAILABLE TO MEET INCREASING DEMANDS IN THE CIVILIAN SECTOR. THE RELATIVELY RECEPTIVE STANCE ADOPTED BY THE USSR IN ARMS LIMITATION NEGOTIATIONS, PARTICULARLY SALT, RAISES QUESTIONS ABOUT THE REASONS FOR WHICH THE SOVIETS SEEK SUCH AGREEMENTS: IS THEIR AIM TO EMPLOY FOR OTHER MILITARY PURPOSES THE RESOURCES SAVED THROUGH AN ARMS LIMITATION ACCORD, SUCH AS THE DEVELOPMENT OF NEW WEAPONS, PREPARATIONS TO COUNTER A CHINESE THREAT, OR INTERNAL SECURITY? OR WOULD THEY INVEST SUCH RESOURCES IN OTHER SECTORS OF THE ECONOMY SUCH AS HEAVY INDUSTRY, RAW MATERIALS OR CONSUMER GOODS?

34. IN VIEW OF THIS, FUTURE SOVIET LEADERS COULD BE STRONGLY MOTIVATED TO CONSIDER CURTAILMENT OF THE INCREASINGLY HIGH SHARE OF RESOURCES ALLOCATED TO THE

DEFENCE SECTOR, AT PRESENT AN ESTIMATED 11-13 OF GNP ACCORDING TO WESTERN STANDARDS. HOWEVER, MILITARY PROGRAMMES, SOME STRETCHING OVER MANY YEARS, HAVE THEMSELVES GREAT MOMENTUM AND POWERFUL PARTY AND BUREAUCRATIC SUPPORT. WHILE THE MILITARY WILL DOUBTLESS REMAIN SUBORDINATE TO PARTY CONTROL, IT IS INCONCEIVABLE THAT ANY NEW LEADERSHIP WOULD CHOOSE TO IGNORE ITS NEEDS AND CONCERNS. PERHAPS MOST IMPORTANT, THE VAST BULK OF THE SOVIET POPULATION ACCEPTS WITHOUT QUESTION THE REASONS ADVANCED BY ITS LEADERSHIP FOR HAVING A STRONG DEFENCE ESTABLISHMENT, EVEN IF IT MEANS ACCEPTING MORE LIMITED ADVANCES IN THE STANDARD OF LIVING. UNLIKE IN WESTERN COUNTRIES, SOVIET PUBLIC OPINION AND THE ECONOMIC AND SOCIAL SYSTEM IMPOSE RELATIVELY LITTLE RESTRAINT ON RESOURCE ALLOCATION AND MOBILISATION FOR THE DEFENCE SECTOR. THIS COULD CONCEIVABLY CHANGE, SHOULD THE CLAIM BY THE LEADERSHIP OF AN EXTERNAL THREAT LOSE ITS CREDIBIL-

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PAGE 01 USNATO 13096 280039Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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S E C R E T SECTION 10 OF 36 USNATO 13096

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PAGE 02 USNATO 13096 280039Z

35. THE INEVITABLE ECONOMIC DIFFICULTIES ON THE HORIZON ARE NOT LIKELY TO RESULT IN ANY CUTBACKS OVER THE SHORT-TERM IN THE AMOUNTS OF RESOURCES ALREADY PROGRAMMED FOR DEFENCE. DESPITE THE LIKELIHOOD OF A LIVELY DEBATE OVER LONGER-TERM ALLOCATIONS, A NEW LEADERSHIP WILL IN THE END PROBABLY BE AS READY AS CURRENT LEADERS TO BURDEN THE ECONOMY WITH DEFENCE SPENDING AT PRESENT OR EVEN HIGHER LEVELS.

36. AS FOR THE POSSIBLE EFFECTS OF DEMOGRAPHIC DEVELOPMENTS, LABOUR SHORTAGES AS A RESULT OF THE DECLINING BIRTH RATE ARE NOT LIKELY TO BRING ABOUT ANY REDUCTION IN THE SIZE OF THE SOVIET ARMED FORCES, THOUGH THE INCREASING PROPORTION OF RURAL NON-RUSSIAN CONSCRIPTS MAY POSE TRAINING AND INDOCTRINATION DIFFICULTIES. APART FROM THIS, THE HIGH STANDARDS OF POLITICAL MOTIVATION, PATRIOTISM AND DISCIPLINE IN THE ARMED FORCES WOULD REMAIN INTACT IN FACE OF POSSIBLE SOCIO-POLITICAL PROBLEMS.

37. WHILE THE ARMED FORCES WILL CONTINUE TO BE USED BY THE SOVIETS PRIMARILY TO SUPPORT THEIR POLITICAL OBJECTIVES, THEIR PEACETIME STRENGTH, READINESS AND DEPLOYMENT WILL GREATLY FACILITATE ANY POTENTIAL MILITARY INITIATIVE AGAINST THE NATO AREA IN EUROPE. THEY SHOULD BE EXPECTED TO RETAIN AND INCREASE THEIR CAPABILITIES TO COVER A GREAT VARIETY OF CONTINGENCIES UP TO AND INCLUDING A LARGE-SCALE ATTACK ON SHORT NOTICE AGAINST CENTRAL EUROPE AND SIMULTANEOUSLY ON NATO'S FLANKS. THEY WILL UNDOUBTEDLY IMPROVE THEIR ABILITY TO INTERVENE IN DISTANT AREAS, PARTICULARLY IN THE MIDDLE EAST AND AFRICA, ALTHOUGH STILL ON A RELATIVELY LIMITED SCALE.

SECRET

PAGE 03 USNATO 13096 280039Z

THEY WILL RETAIN AND INCREASE THEIR ALREADY SIGNIFICANT CAPABILITIES FOR RELATIVELY RAPID AND SIZEABLE ARMS SUPPLIES TO CLIENT STATES AND THEY CAN BE EXPECTED TO MAKE INCREASING USE OF NAVAL PORT VISITS TO "SHOW THE FLAG".

CHAPTER TWO: TRENDS IN EASTERN EUROPE AND IN SOVIET-EAST EUROPEAN RELATIONS IN THE 1980S

A. TRENDS IN EASTERN EUROPE

I. INTRODUCTION

38. DURING THE PERIOD AHEAD THE GOVERNMENTS OF EASTERN EUROPE (INCLUDING THE GDR) WILL BE FACED, TO VARYING DEGREES, BY A NUMBER OF ELEMENTS WITH A CONSIDERABLE POTENTIAL FOR INSTABILITY, MARKEDLY EXCEEDING THAT FOR THE USSR. LONG-STANDING UNDERLYING TENSIONS WILL REMAIN - THE RELATIVE UNPOPULARITY OF THE REGIMES, NATIONALISM, THE ATTRACTION OF THE WEST. THIRTY YEARS OF SOVIET DOMINATION HAVE BEEN UNABLE TO DESTROY THE INDIVIDUAL CHARACTER OF THE EAST EUROPEAN COUNTRIES AND TO RECAST THEM ENTIRELY IN THE SOVIET MOLD. TO THESE TENSIONS HAVE RECENTLY BEEN ADDED NEW FACTORS WHICH ARE OR COULD BE DESTABILISING - THE DECLINING ROLE AND APPEAL OF IDEOLOGY, RENEWED DISSIDENT ACTIVITY, AND SLOWER ECONOMIC GROWTH. ECONOMIC DIFFICULTIES IN PARTICULAR ARE LIKELY TO BE A SOURCE OF CONSIDERABLE CONCERN TO EAST EUROPEAN GOVERNMENTS.

39. ON THE OTHER HAND, THE GOVERNMENTS WHICH WILL HAVE TO DEAL WITH THESE PROBLEMS ARE WELL ESTABLISHED REGIMES WITH A STRONG VESTED INTEREST IN RETAINING POWER. THEY ARE WELL PRACTISED IN THE NECESSARY BALANCING ACT BETWEEN ACCOMMODATING PUBLIC PRESSURES AND

SECRET

PAGE 01 USNATO 13096 280040Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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S E C R E T SECTION 11 OF 36 USNATO 13096

SATISFYING THE SOVIET UNION. APART FROM THEIR SHARED
SECRET

PAGE 02 USNATO 13096 280040Z

IDEOLOGY WITH THE SOVIET LEADERS, THE EAST EUROPEAN REGIMES
KNOW THAT THEY NEED MOSCOW'S SUPPORT IN ORDER TO STAY
IN POWER (AND, IN THE CASE OF THE GDR, TO KEEP THE STATE
ITSELF IN EXISTENCE). THE EAST EUROPEAN POPULATIONS FOR
THEIR PART ARE RESIGNED TO THE FACT THAT THE SOVIET
UNION WILL NOT TOLERATE ANY ACTIONS WHICH PUT INTO
QUESTION THE COHESION OF THE EASTERN BLOC.

40. WHILE IT IS POSSIBLE TO IDENTIFY DANGER POINTS IN
THE PERIOD AHEAD, IT IS LIKELY THAT THE ELEMENTS OF
INSTABILITY WILL BE OUTWEIGHED BY THE FACTORS FOR STAB-
ILITY. THE DECISIVE ELEMENT WILL BE THE POWER AND THE
WILL OF THE SOVIET UNION TO PRESERVE THE GENERAL STATUS
QUO IN EASTERN EUROPE. THE ANALYSIS BELOW IS BASED ON
THE ASSUMPTION THAT, DESPITE LEADERSHIP CHANGES, THE
POLICIES OF THE SOVIET UNION IN THIS RESPECT WILL
REMAIN UNCHANGED.

II. IDEOLOGICAL TRENDS

41. A PROPENSITY FOR CHANGE IN SOME EAST EUROPEAN
COUNTRIES RESULTS FROM INCREASING ASSIMILATION BY THE
REGIMES OF THE NATIONAL PAST, THUS ACCOMMODATING, AT LEAST
TO SOME EXTENT, THE ASPIRATIONS OF THEIR PEOPLE, SOME
OF WHOM HAVE MEMORIES OF A PRE-WAR PAST. THIS PRO-
PENSITY FOR CHANGE RESULTS ALSO FROM THE CONSIDERABLE
CONTACT WITH WESTERN IDEAS EXPERIENCED BY THE POPULATION
OF SEVERAL EAST EUROPEAN COUNTRIES. TRENDS TOWARDS
NATIONAL SELF-ASSERTION ON THE PART OF WEST EUROPEAN
COMMUNIST PARTIES COULD, DEPENDING ON HOW THEY DEVELOP,
FURTHER ENCOURAGE A DESIRE AMONG EAST EUROPEAN LEADERS
TO FOLLOW THEIR OWN NATIONAL ROAD TO COMMUNISM. THE
YUGOSLAV EXAMPLE ALREADY EXERTS SOME INFLUENCE IN
SECRET

PAGE 03 USNATO 13096 280040Z

THIS DIRECTION. IN PRACTICE, HOWEVER. MOST LEADERS WILL HESITATE TO STRAY TOO FAR FROM THE SOVIET PATTERN OF IDEOLOGY. THIS CAN BE ATTRIBUTED TO SEVERAL CAUSES: GENUINE CONVICTION; THE NEED FOR IDEOLOGY TO LEGITIMISE THE REGIME'S HOLD ON POWER; THE FEAR OF WESTERN INFLUENCE IN ONE SPHERE LEADING TO UNWANTED RESULTS IN OTHER SPHERES, AND, ABOVE ALL, THE KNOWN NARROW LIMIT OF SOVIET TOLERANCE FOR DEVIATION. WHILE, THEREFORE, THERE IS LIKELY TO BE A TENDENCY FOR SOMEWHAT MORE IDEOLOGICAL FLEXIBILITY AMONG THE LEADERSHIP IN SOME EAST EUROPEAN COUNTRIES THAN IN THE SOVIET UNION, IT CAN BE EXPECTED TO REMAIN WITHIN RATHER MODEST PARAMETERS.

42. THE PEOPLE IN GENERAL ARE LARGELY APATHETIC AS REGARDS IDEOLOGY. IN SEVERAL COUNTRIES THERE IS ALMOST CERTAINLY WIDESPREAD DESIRE FOR WESTERN FREEDOMS, AS WELL AS ADMIRATION FOR A SYSTEM WHICH HAS PRODUCED SUCH SUPERIOR ECONOMIC PROGRESS. NEVERTHELESS, ADMIRATION FOR WESTERN SOCIETY IS NOT UNALLOYED, AND GIVEN A FREE CHOICE, THE PEOPLE WOULD PROBABLY OPT TO RETAIN MANY FACETS OF SOCIALISM.

III. ECONOMIC TRENDS

43. THE NATIONAL ECONOMIES AND THE RELATIVE MATERIAL WELL-BEING OF THE PEOPLE HAVE GROWN SIGNIFICANTLY OVER THE PAST 15 YEARS. THE TWO WEALTHIEST EAST EUROPEAN COUNTRIES, CZECHOSLOVAKIA AND THE GDR, NOW HAVE PER CAPITA GROSS NATIONAL PRODUCTS SIMILAR TO THOSE OF SOME DEVELOPED WEST EUROPEAN COUNTRIES. IN CERTAIN LIMITED AREAS, EAST EUROPEAN INDUSTRIAL CAPABILITIES MATCH THOSE OF THE WEST. MOREOVER, IN THE CONSUMER SECTORS

SECRET

PAGE 01 USNATO 13096 272310Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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S E C R E T SECTION 12 OF 36 USNATO 13096

PRODUCT AVAILABILITY IS EXPANDING, THOUGH OFTEN THE GOODS
SECRET

PAGE 02 USNATO 13096 272310Z

ARE OF INFERIOR QUALITY.

44. HOWEVER, INDUSTRIAL OUTPUT GROWTH RATES ARE NOW SLOWING DOWN IN ALL EAST EUROPEAN COUNTRIES. IT IS LIKELY TO PROVE INCREASINGLY DIFFICULT TO MEET RISING CONSUMER EXPECTATIONS. THERE IS THEREFORE A CONSIDERABLE LIKELIHOOD OF GROWING CONSUMER DISSATISFACTION. THIS DISSATISFACTION COULD ALSO BE COMPOUNDED BY PROBABLE RISES IN PRICES.

45. THE REGION AS A WHOLE IS RESOURCE-POOR, WITH THE EXCEPTION OF POLAND AND ROMANIA. EVEN IN GOOD HARVEST YEARS, THE NORTHERN COUNTRIES ARE NOT SELF-SUFFICIENT IN GRAIN. EASTERN EUROPE IS ESPECIALLY DEPENDENT UPON ENERGY IMPORTS. HEAVILY RELIANT ON FOREIGN TRADE, THESE COUNTRIES HAVE IN RECENT YEARS ALSO SUFFERED THE CONSEQUENCES OF WESTERN RECESSION, HIGHER PRICES FOR SOVIET OIL AND RAW MATERIALS, AND LARGER GRAIN IMPORT NEEDS DUE TO POOR HARVESTS. MANUFACTURING PLANTS ARE OBSOLESCE IN IMPORTANT SECTORS. PRODUCTIVITY SUFFERS FROM LACK OF INCENTIVES. MANAGEMENT IS BESET BY THE INEFFICIENCIES ENDEMIC TO CENTRALLY PLANNED ECONOMIES. ECONOMIC GROWTH MAY ALSO BE RESTRICTED IN SEVERAL COUNTRIES BY LABOUR SHORTAGES RESULTING IN PART FROM CONTINUED SLOW POPULATION EXPANSION.

46. UNABLE TO GENERATE SUFFICIENT EXPORTS TO THE WEST, ALL THE COUNTRIES OF THE REGION ARE ACCUMULATING A

LARGE HARD CURRENCY DEBT. IN ORDER TO KEEP NEW
BORROWING DOWN, THE EAST EUROPEANS MAY BE FORCED TO RE-
STRICT IMPORTS FROM THE WEST WHILE ATTEMPTING TO
MAXIMISE EXPORTS. BUT SUCH A POLICY COULD LEAD TO
SECRET

PAGE 03 USNATO 13096 272310Z

REDIRECTED INVESTMENT AND HIGHER DOMESTIC PRICES.
MOREOVER, RAPID ECONOMIC GROWTH ITSELF DEPENDS ON
IMPORTS OF QUALITY WESTERN EQUIPMENT AND TECHNOLOGY.
THE EAST EUROPEANS HAVE ALREADY SCALED DOWN THEIR
GROWTH PROJECTIONS FOR THE CURRENT (1976-1980) FIVE-YEAR
PLAN. THERE IS REASON TO DOUBT THAT EVEN THESE MORE
MODEST PROJECTIONS MAY BE MET. IN THE BACKGROUND
LOOM MORE SEVERE STRAINS IN THE 1980S, WHEN A DECLINE
IN SOVIET OIL EXPORTS WILL FORCE INCREASED EAST
EUROPEAN HARD CURRENCY PURCHASES OF OIL.

47. ALL OF THESE PROBLEMS WILL RENEW THE CASE FOR
WIDE-RANGING REFORMS - INCREASED MATERIAL INCENTIVES,
REALISTIC PRICE STRUCTURES AND MORE DECENTRALISATION.
HOWEVER, IT IS DOUBTFUL WHETHER MOST OF THE EAST EUROPEAN
LEADERS WILL EMBARK ON THIS ROAD. WHILE MOSCOW IS
LIKELY TO ALLOW A GREATER DEGREE OF ECONOMIC LIBERAL-
ISATION IN EASTERN EUROPE THAN WITHIN THE SOVIET
UNION ITSELF, IT WILL NOT COUNTENANCE RADICAL CHANGES
LIKELY TO RESULT IN LIBERALISATION OF THE POLITICAL
AND SOCIAL STRUCTURE. IN ADDITION TO SHARING THESE
MISGIVINGS, EAST EUROPEAN LEADERS MAY WELL WANT MORE,
NOT LESS, CENTRALISED CONTROL AT A TIME WHEN HARD
ECONOMIC CHOICES MUST BE MADE. HUNGARY AND POLAND ARE
POSSIBLE EXCEPTIONS.

48. THE SOVIET UNION AND EAST EUROPEAN GOVERNMENTS
PRESUMABLY HOPE THAT WESTERN CREDIT,
TECHNOLOGY AND TRADE WILL CONTINUE TO BOLSTER ECONOMIC
GROWTH AND ENRICH CONSUMER SUPPLIES (THOUGH SO FAR
THERE IS LITTLE EVIDENCE OF SIGNIFICANT BENEFITS HAVING
WORKED THROUGH TO THE CONSUMER SECTOR). THE NEED FOR
ECONOMIC LINKS WITH THE WEST WILL GROW OVER THE NEXT

SECRET

PAGE 01 USNATO 13096 272317Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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S E C R E T SECTION 13 OF 36 USNATO 13096

FEW YEARS, AND, WHILE INCREASED TRADE WITH AND CREDITS
SECRET

PAGE 02 USNATO 13096 272317Z

FROM THE WEST WILL NOT BE A PANACEA FOR EAST EUROPEAN
ECONOMIC ILLS, THEY CAN BE A CONSIDERABLE HELP.
HOWEVER, THE WEST MAY NOT BE POLITICALLY OR ECONOMICALLY
PREPARED TO EXTEND AN UNLIMITED AMOUNT OF CREDIT.

49. INCREASED ECONOMIC DIFFICULTIES DO NOT AUGER WELL
FOR POLITICAL STABILITY. BUT HOW FAR-REACHING THEIR
POLITICAL EFFECT WILL BE IS NOT CLEAR. WITH ADROIT
ECONOMIC TINKERING AND REASONABLE LUCK MANY OR ALL OF
THE EAST EUROPEAN REGIMES MAY RIDE OUT THE VARIOUS
ECONOMIC STORMS OF THE NEXT FEW YEARS, WITH THE
GRUDGING SUPPORT OF PEOPLE RELUCTANT TO RISK THEIR
HARD WON, IF LIMITED, IMPROVEMENTS IN LIVING STANDARDS.
THE GREATEST DANGER OF POLITICAL UNREST BEING FUELLED
BY ECONOMIC DISSATISFACTION AMONG THE WORKERS EXISTS
IN POLAND. ANOTHER DANGER POINT OVER THE LONG-TERM
IS THE GDR, WHERE THE ATTRACTION OF THE FEDERAL REPUBLIC
OF GERMANY CUTS VERY DEEP.
IV. SOCIO-POLITICAL TRENDS

50. THREE POSSIBLE ADDITIONAL SOURCES OF UNREST ARE

THE REGIMES' RELATIONSHIPS WITH THE DISSIDENTS, WITH
NATIONALIST CURRENTS AND WITH THE CHURCHES. IN NONE OF
THESE AREAS BY ITSELF IS DISSATISFACTION LIKELY TO POSE
SUBSTANTIAL THREATS TO THE REGIMES. BUT THE
COMBINATION OF SEVERAL OF THEM COULD DO SO, IN PARTICULAR
IN POLAND, ESPECIALLY IF ALSO ACCOMPANIED BY ECONOMIC
DISCONTENT.

DISSIDENCE

51. THE AUTHORITIES OF SEVERAL EAST EUROPEAN COUNTRIES
HAVE BEEN CONCERNED BY THE RECENT RE-EMERGENCE OF GROUPS
SECRET

PAGE 03 USNATO 13096 272317Z

OF PEOPLE WHO, WITH VARYING SPECIFIC OBJECTIVES, ALL
HAVE AS A GENERAL AIM SOCIETIES WITH GREATER PERSONAL
AND POLITICAL FREEDOM. A NEW FACTOR IS EVIDENCE OF
MUTUAL SUPPORT AMONG SOME EAST EUROPEAN DISSIDENTS,
THOUGH THERE IS NO EVIDENCE OF CO-ORDINATION. LEADERSHIP
PERFORMANCE IS BEING JUDGED AGAINST WESTERN STANDARDS
OF HUMAN RIGHTS, AT A TIME WHEN ECONOMIC PERFORMANCE IS
FOUND WANTING COMPARED TO THAT OF THE WEST. THE IN-
FLUENCE OF EUROCOMMUNISM HAS ALSO BEEN FELT, WHILE
THE HELSINKI FINAL ACT AND THE STAND FOR HUMAN
RIGHTS BY WESTERN LEADERS HAVE ADDED FURTHER
ENCOURAGEMENT.

52. HOWEVER, THE DISSIDENTS CANNOT BE CONSIDERED A
REAL OPPOSITION MOVEMENT. THEY LACK A BROAD BASE
AMONG THE PEOPLE WHO PERFORCE HAVE HAD TO ADAPT
THEMSELVES TO LIVING WITHIN THE EXISTING SYSTEM. THE
DISSIDENTS ARE LIKELY TO REMAIN NO MORE THAN SMALL
GROUPS.

53. THE DEGREE OF FREEDOM ALLOWED IN EACH EAST
EUROPEAN COUNTRY DEPENDS OBVIOUSLY IN THE FIRST PLACE
ON WHAT THE SOVIET LEADERSHIP CONSIDERS ADMISSIBLE,
AND IN THE SECOND PLACE ON WHAT THE REGIMES THEMSELVES
JUDGE TO BE CONSISTENT WITH STABILITY. IT MAY PROVE
POSSIBLE GRADUALLY TO EXTEND THE MARGIN OF TOLERANCE,
BUT ONLY TO A VERY LIMITED EXTENT.

54. THUS A FERTILE CLIMATE FOR DISSIDENT IDEAS WILL RE-
MAIN. BUT THE PROBLEM OF DISSIDENTS, WHILE
TROUBLESOME, IS LIKELY TO PROVE MANAGEABLE FROM THE POINT
OF VIEW OF THE EASTERN GOVERNMENTS. THE ONLY CIRCUM-
STANCES IN WHICH DISSIDENCE COULD PROVE DANGEROUS

SECRET

PAGE 01 USNATO 13096 272323Z

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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S E C R E T SECTION 14 OF 36 USNATO 13096

WOULD BE IF THE LOCAL PARTY WERE AFFECTED OR IF

SECRET

PAGE 02 USNATO 13096 272323Z

THE DISSIDENCE MOVEMENT WERE PART OF A CONCURRENCE OF
WIDER DEVELOPMENTS, IN PARTICULAR SERIOUS ECONOMIC
DISCONTENT.

NATIONALISM

55. NATIONAL SENTIMENT WILL REMAIN STRONG. IN PART-
CULAR, IN MOST EAST EUROPEAN STATES THE TRADITIONAL
ANTI-RUSSIAN FEELING WILL CONTINUE TO ADD FUEL TO
DISSATISFACTION AROUSED BY GRIEVANCES IN OTHER FIELDS.
SOVIET CONCERN ABOUT THIS DANGER MAY SERVE TO EXTEND
THE MARGIN OF FLEXIBILITY ALLOWED TO EASTERN GOVERNMENTS
IN HANDLING THEIR INTERNAL PROBLEMS. BUT ESSENTIALLY

THE SOVIET UNION WILL RESTRAIN THIS, AS OTHER POTENTIAL ELEMENTS OF INSTABILITY, BY THE STRENGTH OF ITS CONTROL OVER EASTERN EUROPE.

56. TRADITIONAL NATIONAL MINORITY PROBLEMS WILL ALSO REMAIN ALIVE. HOWEVER, A COMBINATION OF STRONG CENTRAL CONTROL AS WELL AS RELATIVELY ENLIGHTENED INTERNAL POLICIES TOWARDS MINORITIES, SHOULD PREVENT SUCH PROBLEMS FROM THREATENING THE STABILITY AND COHESION OF THE EASTERN BLOC.

57. BULGARIA AND/OR ALBANIA COULD, IN CERTAIN CIRCUMSTANCES, ADOPT A MORE AGGRESSIVE STANCE OVER THEIR RESPECTIVE MINORITY PROBLEMS WITH YUGOSLAVIA IN A POST-TITO ERA.

RELIGION

58. WHILE THE DEGREE OF ACTIVE HOSTILITY EXPERIENCED BY INDIVIDUAL CHURCHES WITHIN EACH COUNTRY VARIES
SECRET

PAGE 03 USNATO 13096 272323Z

CONSIDERABLY, IN ALL EAST EUROPEAN COUNTRIES THE CHURCHES ARE ALLOWED ONLY A CONFINED ROLE AND SUFFER FROM SUBSTANTIAL DISABILITIES. HOWEVER, DESPITE THE DIFFICULTIES THEY STILL EXPERIENCE, THE MAJOR CHURCHES HAVE MANAGED TO REACH AN UNEASY MODUS VIVENDI WITH THEIR RESPECTIVE GOVERNMENTS. THE LIMITED ACCOMMODATION HAS TO SOME EXTENT FACILITATED CONTACTS BETWEEN SOME EAST EUROPEAN GOVERNMENTS AND THE HOLY SEE.

59. AT LEAST AS LONG AS THE DETENTE PROCESS CONTINUES, THE PRESENT TREATMENT OF THE CHURCHES SHOULD NOT DETERIORATE, THOUGH THE PROSPECTS FOR SIGNIFICANT IMPROVEMENT ARE POOR. ANY EVENTUAL IMPROVEMENT WOULD BE CONFINED WITHIN LIMITS WHICH BOTH THE SOVIET UNION AND EAST EUROPEAN REGIMES DEEM COMPATIBLE WITH NATIONAL SECURITY.

60. IF THE PRESENT RELATIVE ACCOMMODATION BETWEEN CHURCH AND STATE IS NOT UPSET BY A RETURN TO REPRESSIVE POLICIES ON THE OLD SCALE, IT IS UNLIKELY THAT THE CHURCHES WILL TAKE STRONG STANDS AGAINST THEIR RESPECTIVE REGIMES. THE BIGGEST QUESTION MARK HANGS OVER POLAND WHERE THE CHURCH COULD AGAIN ASSOCIATE ITSELF WITH DISCONTENT AMONG WORKERS AND INTELLECTUALS. HOWEVER, AN ASSERTIVE STAND BY THE CHURCHES WOULD ONLY POSE A SIGNIFICANT DANGER TO EAST EUROPEAN REGIMES IF IT WERE ALLIED TO UNREST FROM OTHER SOURCES.

V. LEADERSHIP CHANGES

61. IN MOST OF THE EAST EUROPEAN COUNTRIES THE PRESENT
LEADERS HAVE A TIGHT HOLD ON POWER. THE TOP LEADERSHIP
COULD REMAIN UNCHANGED DURING THE PERIOD IN QUESTION.

SECRET

PAGE 01 USNATO 13096 272331Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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S E C R E T SECTION 15 OF 36 USNATO 13096

62. GIVEN THE CONSIDERABLE AMOUNT OF POWER WIELDED
SECRET

PAGE 02 USNATO 13096 272331Z

BY THE CHIEF LEADER IN EACH COUNTRY, HIS REMOVAL (FOR
EXAMPLE, BY ILLNESS) COULD WELL AFFECT OVERALL STABILITY,
ESPECIALLY IF THE CHANGE SHOULD COINCIDE WITH SUBSTANTIAL
ECONOMIC DIFFICULTIES. THERE COULD BE A SUCCESSION
STRUGGLE IN ANY OF THE COUNTRIES WHICH MIGHT ENCOURAGE

DISCONTENT TO CHANGE TO OPEN UNREST. NEW LEADERS MIGHT HANDLE PROBLEMS LESS ADROITLY THAN THEIR PREDECESSORS: THIS COULD BE PARTICULARLY TRUE IN HUNGARY, AND ROMANIA'S SEMI-INDEPENDENT STANCE MAY NOT OUTLAST CEAUSESCU.

VI. MILITARY

63. ALL EAST EUROPEAN FORCES SHOULD BE CONSIDERED EFFICIENT AND, TO A REASONABLE DEGREE, LOYAL TO THEIR GOVERNMENTS (PARTICULARLY IN THE SPECIAL CASE OF ROMANIA). EAST EUROPEAN GOVERNMENTS MAKE A CONSIDERABLE EFFORT OF POLITICAL INDOCTRINATION OF THEIR ARMED FORCES. THE RELIABILITY OF THE FORCES IS FURTHER ENCOURAGED BY THE HIGHLY CENTRALISED POLITICO-MILITARY STRUCTURE, AS WELL AS THE SELF-INTEREST OF MANY OF THE CAREER PERSONNEL. THEIR PARTICIPATION IN THE WARSAW PACT IS PRESENTED TO THE PERSONNEL PARTLY IN TERMS OF SPECIAL NATIONAL INTERESTS (IN THE CASE OF POLAND THE RETENTION OF THE WESTERN TERRITORIES).

64. ON THE OTHER HAND, THERE IS WIDESPREAD ANTI-SOVIET FEELING IN SEVERAL FORCES WHICH MAY AFFECT THEIR GENERAL ATTITUDES AND EFFICIENCY. APATHY AND A SHORTAGE OF MOTIVATION SEEM ESPECIALLY PREVALENT IN THE CZECHOSLOVAK AND HUNGARIAN FORCES.

65. AS LONG AS THE ELEMENTS OF INSTABILITY IN THE COUNTRIES REMAIN REASONABLY QUIESCENT, IT CAN BE EXPECTED
SECRET

PAGE 03 USNATO 13096 272331Z

THAT THE LOYALTY OF THE ARMED FORCES TO THEIR GOVERNMENTS WILL BE MAINTAINED. HOWEVER, IN SITUATIONS OF WIDESPREAD UPEHAVAL THEY COULD NOT NECESSARILY BE RELIED UPON BY THE PRESENT REGIMES.

B. SOVIET-EAST EUROPEAN RELATIONS

I. INTRODUCTION

66. THE ANALYSIS IN THE PRECEEDING PARAGRAPHS (PARAGRAPHS 38-65) HAS IDENTIFIED CONSIDERABLE POTENTIAL FOR INSTABILITY IN EASTERN EUROPE AND CONSIDERABLE FORCES PULLING IN THE DIRECTION OF GREATER INDEPENDENCE FROM SOVIET CONTROL-IDEOLOGICAL DIVERGENCES, ECONOMIC DIFFICULTIES, DISSIDENCE, NATIONALISM, RELIGION, POSSIBLE LEADERSHIP CHANGES, AND, GENERALLY, THE NEED FOR THE EAST EUROPEAN REGIMES TO SATISFY TO SOME EXTENT THE ASPIRATIONS OF THEIR PEOPLES WHO ARE IN MANY CASES MORE OPEN TO WESTERN INFLUENCES THAN THEIR SOVIET COUNTERPARTS. ON THE OTHER HAND, THERE ARE ALSO CONSIDERABLE FORCES WORKING FOR COHESION WITHIN THE EASTERN BLOC - THE PRESENCE OF SOVIET ARMED FORCES AND

SOVIET CONTROL OF THE EAST EUROPEAN MILITARY, THE DEPENDENCE OF THE REGIMES ON SOVIET SUPPORT FOR THEIR SURVIVAL, A COMMON IDEOLOGY, AND ECONOMIC INTERDEPENDENCE. THE BALANCE BETWEEN THESE CENTRIPETAL AND CENTRIFUGAL FACTORS WILL BE DETERMINED BY THE HIGH PRIORITY WHICH THE SOVIET UNION WILL CONTINUE TO GIVE TO PRESERVING THE EAST EUROPEAN GLACIS.

67. CONTINUED HEGEMONY AND CONTROL IN EASTERN EUROPE IS A VITAL INTEREST OF THE USSR FOR A VARIETY OF REASONS.

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PAGE 01 USNATO 13096 272337Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
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AMEMBASSY WARSAW POUCH
USMISSION USBERLIN POUCH

S E C R E T SECTION 16 OF 36 USNATO 13096

- SECURITY (CORDON SANITAIRE; ADDED MILITARY
SECRET

PAGE 02 USNATO 13096 272337Z

STRENGTH FROM THE NON-SOVIET WARSAW PACT COUNTRIES; TO SOME EXTENT THE PREVENTION OF GERMAN REUNIFICATION; FEAR OF REPERCUSSIONS WITHIN THE USSR IF THE BLOC SHOULD BEGIN TO DISINTEGRATE);

- IDEOLOGY (NEED FOR MAXIMUM COHESION AND INADMISSABILITY OF APOSTASY IN A MOVEMENT WITH GLOBAL AMBITIONS; NEED FOR AN IDEOLOGICAL AND POLITICAL BUFFER ZONE);
- ECONOMIC ADVANTAGES (SOURCE OF AND MARKET FOR INDUSTRIAL PRODUCTS).

GIVEN THE PRIMACY OF THE SOVIET INTEREST, THE GEOGRAPHICAL PROXIMITY, AND THE IMBALANCE OF POWER BETWEEN THE USSR AND ITS ALLIES, THERE SEEMS NO REASON TO DOUBT THE SOVIET UNION'S ABILITY TO RETAIN CONTROL.

68. IT FOLLOWS THAT THE SCOPE FOR INDEPENDENT ACTION BY THE EAST EUROPEAN STATES IS MARGINAL, THOUGH THE WIDTH OF THIS MARGIN WILL VARY CONSIDERABLY FROM COUNTRY TO COUNTRY. IT HAS BEEN SUGGESTED THAT THE SOVIET UNION WILL TOLERATE SERIOUS DEVIATIONS FROM ITS OWN POLICY ONLY IN ONE OF THE FOLLOWING FIELDS AT ANY ONE TIME: FOREIGN POLICY, ECONOMIC STRUCTURE, OR IDEOLOGY. THIS RIGID DIVISION IS PROBABLY TOO SIMPLISTIC. THE IMPORTANT POINT IS THAT THERE MUST BE NO SIGNIFICANT THREAT TO OVERALL CONTROL BY EACH COUNTRY'S COMMUNIST PARTY. THIS RULE WILL MOST LIKELY CONTINUE TO APPLY IN EASTERN EUROPE FOR THE FORESEEABLE FUTURE.

II. MEANS TO MAINTAIN SOVIET CONTROL

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PAGE 03 USNATO 13096 272337Z

69. TO MAINTAIN THE STATUS QUO IN EASTERN EUROPE THE USSR WILL CONTINUE TO RELY ON THE FOLLOWING METHODS.

IDEOLOGICAL AND POLITICAL

70. IDEOLOGY IN ITSELF MAY NO LONGER BE A PARTICULARLY DYNAMIC FACTOR IN EASTERN EUROPE, BUT IT IS EVER-PRESENT AND IS USED IN A SYSTEMATIC MANNER TO LEGITIMISE AND HELP TO MAINTAIN THE INFLUENCE OF THE USSR. MOSCOW IS UNLIKELY TO ABANDON THE PRINCIPLE OF "SOCIALIST INTERNATIONALISM", THE OFFICIAL TERM GIVEN TO WHAT HAS BEEN KNOWN AS THE BREZHNEV DOCTRINE. INDEED, THE SIGNATURE OF THE HELSINKI FINAL ACT, MOSCOW HAS ATTEMPTED TO STRENGTHEN THE POLITICAL AND IDEOLOGICAL LINKS WITH ITS ALLIES, RE-EMPHASISING THE TENET THAT RELATIONS

BETWEEN "SOCIALIST" STATES ARE OF A HIGHER ORDER THAN OTHERS.

71. IDEOLOGY AND THE PROTECTION OF "SOCIALIST GAINS" WILL AS BEFORE BE PRESENTED AS THE BASIS OF THE EXTENSIVE NETWORK OF BILATERAL FRIENDSHIP TREATIES BUILT UP SINCE 1968 WHICH LINK THE EAST EUROPEAN COUNTRIES TO ONE ANOTHER AND THE USSR.

72. REGULAR BILATERAL CONTACTS AT GOVERNMENT LEVEL GIVE THE USSR THE OPPORTUNITY TO FOLLOW AND TO COMMENT ON THE INTERNAL SITUATION OF ITS ALLIES. THE SOVIET COMMUNIST PARTY MAINTAINS CONTACTS AT MANY LEVELS WITH THE PARTIES IN EASTERN EUROPE. AS THIS IS AN ESSENTIAL INSTRUMENT OF SOVIET CONTROL, IT WILL NOT CHANGE IN THE FORESEEABLE FUTURE. THESE CONTACTS, PLUS THE ACTIVITIES OF THE SOVIET SECRET POLICE, WILL

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PAGE 01 USNATO 13096 272345Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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S E C R E T SECTION 17 OF 36 USNATO 13096

BE USED BOTH FOR APPLYING PRESSURE AT THE LEVEL REQUIRED,
SECRET

PAGE 02 USNATO 13096 272345Z

AND FOR GATHERING INFORMATION ABOUT INTERNAL DEVELOP-
MENTS IN EASTERN EUROPE.

73. THE POLITICAL SECRETARIAT AND COMMITTEE OF FOREIGN
MINISTERS ESTABLISHED BY THE WARSAW PACT COUNTRIES
IN 1976 MAY INTENSIFY THE PRACTICE OF MULTILATERAL
CONSULTATION, BUT IT STILL REMAINS TO BE SEEN HOW THIS
MULTILATERAL APPROACH WILL DEVELOP; IT SEEMS PROBABLE THAT
MOST SOVIET-EAST EUROPEAN RELATIONS WILL CONTINUE TO
BE TRANSACTED BILATERALLY.

ECONOMIC

74. IN MOST OF THE EAST EUROPEAN COUNTRIES THERE IS A
DIRECT LINK BETWEEN THE STABILITY OF THE REGIMES AND THE
FULFILMENT OF ECONOMIC EXPECTATIONS. THE SOVIET UNION
WILL GIVE HIGH PRIORITY TO PLAYING ITS PART TO ENABLE
CONSUMER DEMAND IN THE EAST EUROPEAN COUNTRIES TO BE
SATISFIED BY ALLOWING THE EAST EUROPEAN COUNTRIES TO
TRADE WITH THE WEST, SUPPLYING THEM WITH CERTAIN RAW
MATERIALS AND ENERGY AT RELATIVELY CHEAP PRICES, AND
CONSENTING TO ALLOCATION OF FUNDS FOR CONSUMER
PRIORITIES RATHER THAN MILITARY EXPENDITURES. IT IS
TRUE THAT CONTINUING SOVIET DEMANDS LEVIED ON THE
INDUSTRIAL PRODUCTION CAPABILITIES OF THE EAST EUROPEAN
COUNTRIES, AND THE RELIANCE OF THE LATTER ON SOVIET RAW
MATERIALS, ESPECIALLY ENERGY, MAY LEAD TO CONFLICTING
CLAIMS ON ALLOCATION OF PRODUCTION AND RESOURCES. IF
THE SOVIET UNION EXPERIENCES AN ENERGY CRISIS IN THE
1980S, IT WILL HAVE TO RE-EVALUATE THE TRADE-OFFS
BETWEEN CONTINUED ECONOMIC SUPPORT OF EASTERN EUROPE AND
ITS OWN EXPORTS FOR HARD CURRENCY. AT THIS STAGE.
HOWEVER, IT APPEARS THAT MOSCOW WOULD CONTINUE TO AVOID
SECRET

PAGE 03 USNATO 13096 272345Z

ANY STEPS WHICH COULD CAUSE DESTABILISATION IN EASTERN
EUROPE.

75. IN CEMA, THE USSR WILL PRESS FORWARD WITH ATTEMPTS
TO BUILD "SOCIALIST INTEGRATION", I.E. MUTUAL ECONOMIC
DEPENDENCE. THERE IS ALREADY CONSIDERABLE ECONOMIC
INTERDEPENDENCE AND THIS IS LIKELY TO GROW. THE SOVIET
UNION AND THE EAST EUROPEAN COUNTRIES NEED ONE ANOTHER,

BOTH AS PRODUCERS OF CERTAIN INDUSTRIAL GOODS, AND AS MARKETS FOR THEIR PRODUCTS WHICH OFTEN CANNOT COMPETE IN THE WORLD MARKET. AN INCREASING TENDENCY TOWARD ECONOMIC CO-OPERATION PROJECTS SERVES TO REINFORCE EAST EUROPEAN DEPENDENCE ON THE SOVIET UNION AND VICE-VERSA. ALSO, IN THE ABSENCE OF THE DEVELOPMENT OF NEW ENERGY SOURCES BY THE EAST EUROPEAN STATES, THEIR DEPENDENCE ON SOVIET ENERGY WILL RESTRAIN THEM FROM TAKING OVERLY INDEPENDENT COURSES IN THE ECONOMIC FIELD.

WARSAW PACT MILITARY ORGANIZATION

76. SOVIET CONTROL OF THE EAST EUROPEAN MILITARY EXERCISED THROUGH THE WARSAW PACT ORGANIZATION, TOGETHER WITH THE PRESENCE OF SOVIET FORCES IN MOST EAST EUROPEAN COUNTRIES, CONSTITUTES A MAJOR FACTOR FOR EASTERN BLOC COHESION. EVEN THOUGH THE QUESTION OF THE WARSAW PACT RELIABILITY OF THE NON-SOVIET MEMBERS IS BOUND TO BE A MATTER OF SOME CONCERN FOR THE USSR, POLITICAL INDOCTRINATION AS WELL AS SOVIET SUPERVISION AND CONTROL THROUGHOUT THE BLOC MILITARY ORGANIZATION HAVE GONE A LONG WAY TO ENSURE THAT MOSCOW CAN DEPEND ON THEIR ARMED FORCES.

77. ROMANIA IS THE ONLY WARSAW PACT COUNTRY WHICH HAS

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PAGE 01 USNATO 13096 280005Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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S E C R E T SECTION 18 OF 36 USNATO 13096

ACHIEVED A CERTAIN DEGREE OF INDEPENDENCE FROM THE SOVIET
SECRET

PAGE 02 USNATO 13096 280005Z

UNION IN MILITARY AS WELL AS IN FOREIGN POLICY. IT HAS
REFUSED TO HOST WARSAW PACT TROOP MANOEUVRES ON ROMANIAN
TERRITORY AND HAS RESISTED SOVIET PRESSURE TO PARTICIPATE
FULLY IN JOINT MILITARY ACTIVITIES.

78. ASIDE FROM MODERNIZATION OF EQUIPMENT, NO MAJOR
CHANGES ARE FORESEEN FOR THE 1980S AS REGARDS THE STRUC-
TURE OF THE EAST EUROPEAN ARMED FORCES AND THE ROLE
THEY PLAY UNDER THE LARGELY SOVIET-STAFFED WARSAW PACT
COMMAND. THEIR MISSIONS WILL CONTINUE TO BE THREEFOLD:
TO DEFEND TERRITORIAL INTEGRITY AND ASSURE ORDER AND
THE PRESERVATION OF THE STATUS QUO IN THEIR RESPECTIVE
COUNTRIES, AND (EXCEPT IN THE SPECIAL CASE OF ROMANIA)
TO AUGMENT AND SUPPORT THE SOVIET MILITARY POSTURE AND
PURPOSES. THERE ARE QUALITATIVE DIFFERENCES AMONG
VARIOUS EAST EUROPEAN FORCES WITHIN THE WARSAW PACT:
THE ARMED FORCES OF THE GDR, POLAND AND
BULGARIA APPEAR TO BE THE MOST EFFECTIVE, ALBEIT
IN EACH CASE FOR DIFFERENT REASONS (MODERN EQUIPMENT,
SIZE, POLITICAL RELIABILITY). IT SHOULD BE STRESSED
THAT ALL EAST EUROPEAN ARMED FORCES, INCLUDING THOSE
OF ROMANIA, ARE LARGELY DEPENDENT ON THE USSR FOR THEIR
EQUIPMENT AND LOGISTICAL SUPPLY.
USE OF SOVIET MILITARY FORCE

79. THE PRESENT EAST EUROPEAN SYSTEM WAS ESTABLISHED
BY FORCE, AND IT WILL BE PRESERVED BY FORCE IF
NECESSARY, EVEN AT A CONSIDERABLE POLITICAL PRICE.
HOWEVER, IT CAN BE ASSUMED THAT THE SOVIETS WILL USE
MILITARY FORCE ONLY AS A LAST RESORT. THEY ARE NO
DOUBT AWARE THAT THEY WOULD RISK REVERSING DETENTE AND
LOSING ITS BENEFITS, AND THAT THEIR RELATIONS WITH THE
WESTERN COMMUNIST PARTIES WOULD BE GRAVELY IMPAIRED.
SECRET

PAGE 03 USNATO 13096 280005Z

HENCE THE SOVIET DECISION-MAKING PROCESS CAN BE EXPECTED TO TAKE SOMEWHAT GREATER ACCOUNT THAN IN THE PAST OF THE EFFECTS OF MILITARY ACTION ON THE WEST AND THE NON-ALIGNED WORLD.

80. SHOULD A CRITICAL SITUATION DEVELOP IN ONE OF THE EAST EUROPEAN COUNTRIES, THE SOVIET UNION MIGHT DECIDE, IN THE LIGHT OF ITS EXPERIENCE IN CZECHOSLOVAKIA, TO APPLY POLITICAL AND/OR ECONOMIC PRESSURES AT AN EARLIER STAGE RATHER THAN RISK INACTION UNTIL THE SITUATION HAS DEVELOPED TO A POINT WHERE MOSCOW SEES NO ALTERNATIVE TO MILITARY FORCE. IT IS POSSIBLE THAT PUBLIC OPINION IN THE EAST EUROPEAN COUNTRY CONCERNED MIGHT GET OUT OF HAND TOO QUICKLY FOR THE USSR TO BE ABLE TO INFLUENCE EVENTS THROUGH PERSUASION AND PRESSURE. IN SUCH A CASE THE USE OF MILITARY FORCE SEEMS PROBABLE TO RESTORE SOVIET CONTROL.

81. IT WILL DEPEND ON THE PREFERENCE OF THOSE IN POWER IN MOSCOW - ASSUMING THAT THE SITUATION STILL ALLOWS THEM A CHOICE - EITHER TO STRESS THE IMAGE OF THE USSR AS A DETENTE-PROMOTING POWER BY EXERCISING RESTRAINT IN EASTERN EUROPE, OR TO PROJECT AN IMAGE OF RESOLUTE FIRMNESS BY ASSERTING THE PREROGATIVES WHICH MOSCOW HAS ASSUMED UNDER THE DOCTRINE OF "SOCIALIST INTERNATIONALISM".

C. OUTLOOK

82. THE ABOVE ANALYSIS SUGGESTS THAT, WHILE THE FORCES FOR STABILITY WHICH ARE PRESENT IN VARYING DEGREES IN ALL EAST EUROPEAN COUNTRIES MAY INTENSIFY DURING THE PERIOD AHEAD, THE GOVERNMENTS OF THOSE COUNTRIES SHOULD IN GENERAL BE ABLE TO CONTAIN THE SITUATION. THE

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PAGE 01 USNATO 13096 280247Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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S E C R E T SECTION 19 OF 36 USNATO 13096

DECISIVE FACTOR WILL REMAIN THE UNDOUBTED DETERMINATION
SECRET

PAGE 02 USNATO 13096 280247Z

AND ABILITY OF THE SOVIET UNION TO MAINTAIN A HIGH DEGREE OF POLITICAL COHESION AND CONFORMITY. THE SOVIET UNION WILL BE ABLE TO EXPLOIT THE CLOSE IDEOLOGICAL AND POLITICAL LINKS BETWEEN EASTERN BLOC COUNTRIES, THEIR INCREASING ECONOMIC INTERDEPENDENCE, AND THE MILITARY COHESION OF THE WARSAW PACT ORGANIZATION. ABOVE ALL, THE CAN RELY ON THE LESSONS OF THE PRAGUE SPRING: THE ULTIMATE SANCTION OF SOVIET MILITARY INTERVENTION WILL BE FORGOTTEN BY NO ONE IN EASTERN EUROPE.

83. THE MAIN POTENTIAL SOURCE FOR DISCONTENT AND INSTABILITY LIES IN THE GROWING ECONOMIC PROBLEMS BEING EXPERIENCED BY ALL EAST EUROPEAN COUNTRIES, WHICH ARE LIKELY TO MAKE IT INCREASINGLY DIFFICULT FOR GOVERNMENTS TO SATISFY RISING CONSUMER DEMANDS. ON THE OTHER HAND, THE RELATIVE IMPROVEMENTS IN LIVING STANDARDS ALREADY ACHIEVED WILL PROBABLY STILL REMAIN, AND THE PEOPLE WOULD HESITATE TO PUT THESE AT RISK. BY THEMSELVES, DISSIDENT ACTIVISTS WILL NOWHERE SERIOUSLY CHALLENGE THE REGIMES: STILL LESS WILL THE CHURCHES OR NATIONALISM DO SO. NOR ARE THE EAST EUROPEAN LEADERS LIKELY TO FOLLOW ROMANIA IN SEEKING ANY SIGNIFICANTLY GREATER INDEPENDENCE FROM MOSCOW IN THE CONDUCT OF FOREIGN AFFAIRS.

84. THE OVERALL PICTURE IS LIKELY TO BE ONE OF RESIGNATION ON THE PART OF THE POPULACE AND STABILITY ON

THE PART OF THE REGIMES. HOWEVER, THERE ARE SOME SSAEFLAS#

POINTS. IN POLAND THE VARIOUS STRANDS OF DISSATIS-
FACTION - WORKERS, INTELLIGENTSIA, CHURCH, ANTI-RUSSIAN
NATIONALISM - COULD AGAIN FUSE TOGETHER. AN EXPLOSION
OF A FORCE SUFFICIENT TO BRING DOWN GIEREK AND EVEN
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PAGE 03 USNATO 13096 280247Z

CONCEIVABLY TO LEAD THE SOVIET UNION TO RESTORE ORDER
CANNOT BE RULED OUT. THE SITUATION IS LIKELY TO BE LESS
UNSTABLE IN THE GDR, BUT THE REGIME WILL NOT FIND IT EASY
TO BALANCE ITS ECONOMIC AND OTHER NEEDS FOR CLOSER TIES
TO THE WEST WITH THE SPLIT PERSONALITY EFFECT THOSE TIES
HAVE ON THE EAST GERMAN PEOPLE. LEADERSHIP CHANGES COULD
ALSO BRING DIFFICULT TIMES FOR ANY OF THE REGIMES;
HOWEVER, THESE SHOULD NOT PROVE BEYOND THE POWER OF THE
REGIMES TO MANAGE.

85. DEVELOPMENTS IN EASTERN EUROPE WILL CONTINUE TO BE
AFFECTED TO SOME EXTENT BY THE VARIOUS ASPECTS OF EAST-
WEST RELATIONS COVERED BY THE PROCESS OF DETENTE.
EASTERN EUROPE ECONOMIC NEEDS HAVE BEEN AND WILL CONTINUE
TO BE ONE OF THE EAST'S UNDERLYING MOTIVES FOR DETENTE.
WESTERN ECONOMIC TIES MAKE A SIGNIFICANT CONTRIBUTION
TOWARDS EASTERN ECONOMIC GROWTH AND THUS TOWARDS STABILITY
IN EASTERN EUROPE, AND THEIR IMPORTANCE IN THIS RESPECT
MAY INCREASE DURING THE PERIOD AHEAD. AT THE SAME TIME,
THERE ARE ALSO INFLUENCES FOR CHANGE INHERENT IN THE
ECONOMIC AND OTHER ASPECTS OF THE PROCESS OF DETENTE,
THOUGH THESE ARE LESS EASY TO QUANTIFY. TO THE EXTENT
THAT EAST EUROPEAN GOVERNMENTS GIVE PRIORITY TO DOMESTIC,
ESPECIALLY ECONOMIC, PROBLEMS, THEY MAY EXERT A MODER-
ATING INFLUENCE ON SOVIET FOREIGN POLICY. DETENTE HAS
HELPED AT LEAST SOME EAST EUROPEAN GOVERNMENTS TO
GAIN SLIGHTLY MORE LATITUDE IN THEIR DEALINGS WITH THE
SOVIET UNION. WESTERN ECONOMIC CONTACTS AROUSE, AS WELL
AS CATER TO, CONSUMER ASPIRATIONS, AND ALSO CARRY A
SIGNIFICANT POLITICAL MESSAGE. THE AWARENESS OF SOVIET
AND EAST EUROPEAN LEADERS THAT REPRESSION OF INTERNAL
UNREST HAS AN ADVERSE EFFECT ON WESTERN PUBLIC SUPPORT
FOR DETENTE POLICIES HAS ENCOURAGED THEM TO MITIGATE
THEIR INTERNAL RIGIDITY TO SOME EXTENT. THE FOLLOW-UP

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PAGE 04 USNATO 13096 280247Z

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PAGE 01 USNATO 13096 280007Z

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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S E C R E T SECTION 20 OF 36 USNATO 13096

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SECRET

PAGE 02 USNATO 13096 280007Z

ENCOURAGE THIS DEVELOPMENT, EVEN IF WITHIN NARROW
BOUNDS. HOWEVER, THE SOVIET UNION WILL CONTINUE TO KEEP
THE DEGREE OF OPENNESS TO WESTERN INFLUENCE AND TO
WESTERN CONTACTS PERMITTED TO EASTERN EUROPE WITHIN
LIMITS COMPATIBLE WITH ITS JUDGEMENT OF THE DESIRABLE
LEVEL OF OVERALL POLITICAL CONFORMITY.

86. THE MAJOR FEATURES OF THE SITUATION IN EACH OF
THE EAST EUROPEAN STATES ARE SET OUT IN ANNEX I.

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CHAPTER THREE: AIMS AND TRENDS OF THE FOREIGN POLICIES
OF THE SOCIALIST COUNTRIES

I. INTRODUCTION

- 87. FOR OBVIOUS REASONS, IT IS DIFFICULT TO DISSOCIATE THE FOREIGN POLICIES OF THE WARSAW PACT COUNTRIES FROM SOVIET FOREIGN POLICY. IN THE FOLLOWING ANALYSIS, THEREFORE, THE FOCUS WILL BE ON THE AIMS AND TRENDS OF THE LATTER.

- 88. WHILE MOSCOW HAS BEEN OBLIGED TO EXERCISE GREATER MODERATION IN CONTRAST TO THE IMMEDIATE POST-WAR PERIOD, THERE HAS BEEN NO SIGN THAT IT HAS GIVEN UP ITS AMBITIONS TO SPREAD SOVIET INFLUENCE AND UNDERMINE THAT OF THE WEST. IN VIEW OF THE LIKELY CAUTION OF THE SOVIET LEADERSHIP AND THE MULTIPPLICITY OF THEIR AIMS, IT CANNOT NECESSARILY BE ASSUMED THAT THEY ARE FOLLOWING A BLANKET POLICY OF EXPANSIONISM. THEIR EFFORTS TO EXTEND THEIR INFLUENCE WILL BE PURSUED ON AN OPPORTUNISTIC BASIS AND IN RELATION TO THEIR OTHER AIMS. NEVERTHELESS, ALTHOUGH THE QUEST FOR NEW GAINS MAY NOT BE PARAMOUNT, IT REMAINS IN THE BACKGROUND OF
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PAGE 03 USNATO 13096 280007Z

SOVIET FOREIGN POLICY, READY TO BE TRANSLATED INTO ACTION SHOULD THE OPPORTUNITY ARISE AND THE RISKS BE CONSIDERED WORTHWHILE. IN PARTICULAR, MOSCOW'S DETERMINATION TO ASSERT ITSELF AS THE DOMINATING POWER IN EUROPE REMAINS. CONTINUED CONTROL IN EASTERN EUROPE AND PREVENTION OF GERMAN REUNIFICATION SERVE AS A BASIS FOR PURSUING THIS GOAL.

- 89. IN PURSUIT OF ITS POLICY THE SOVIET UNION HAS STEADILY BUILT UP ITS STRENGTH AND INFLUENCE TO ITS PRESENT WORLD POWER STATUS. IT HAS CREATED A MILITARY FORCE DESIGNED TO ENABLE IT TO EXPLOIT OPPORTUNITIES TO EXPAND ITS SPHERE OF INFLUENCE ON A WORLD-WIDE BASIS. THE USSR HAS BEEN ESPECIALLY CONCERNED TO REMEDY CERTAIN OF THE DISADVANTAGES OF ITS GEOSTRATEGIC POSITION, THEREBY ACHIEVING AIMS ALREADY PURSUED BY TZARIST DIPLOMACY: THE EUROPEAN GLACIS, ENSURED ACCESS TO WARM WATERS, FORWARD TERRITORIAL DEFENCE (PARTICULARLY THROUGH THE DEPLOYMENT OF OFFENSIVE NAVAL FORCES). THE POLICIES IT PURSUES IN NORTHERN EUROPE AND IN THE MEDITERRANEAN (ATTEMPTS TO SECURE NAVAL FACILITIES, PARTICULARLY IN YUGOSLAVIA) STEM FROM THESE CONSIDERATIONS.

- 90. SOVIET FOREIGN POLICY WILL FREQUENTLY REFLECT A DEGREE OF AMBIVALENCE BETWEEN THE ASSERTION OF THE SOVIETROLE AS LEADER AND MODEL FOR THE "SOCIALIST" COUNTRIES AND THE PURSUIT OF POLICIES DICTATED BY STATE INTERESTS. THE SOVIET LEADERSHIP WILL ALWAYS SEEK TO JUSTIFY FOREIGN POLICY IN IDEOLOGICAL TERMS. IN PRACTICE, SOVIET POLICY WILL CONTINUE TO BE BASED ON A PRAGMATIC

MIXTURE OF STATE AND IDEOLOGICAL CONSIDERATIONS.

II. MAIN AIMS

SECRET

PAGE 01 USNATO 13096 280014Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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S E C R E T SECTION 21 OF 36 USNATO 13096

- 91. SOVIET FOREIGN POLICY IS GOVERNED BY THREE
SECRET

PAGE 02 USNATO 13096 280014Z

MAIN AIMS WHICH ARE LIKELY TO REMAIN VALID OVER THE
NEXT DECADE:

- A. PRESERVATION AND CONSOLIDATION OF EXISTING
ADVANTAGES

- (1) TERRITORIAL DEFENCE

- 92. TERRITORIAL DEFENCE WILL UNDOUBTEDLY REMAIN MOSCOW'S FIRST CONCERN. THIS MUST BE SEEN AS A PRIME MOTIVE FOR THE TOP PRIORITY GIVEN TO MILITARY FORCES IN THE ALLOCATION OF RESOURCES. WHILE THE TRADITIONALLY PERCEIVED NEED TO DEFEND COMMUNIST GAINS AGAINST "REVANCHIST CAPITALIST" COUNTRIES REMAINS A PRIME MOTIVE OF SOVIET POLICY, THE POTENTIAL THREAT FROM CHINA AS PERCEIVED BY THE SOVIET UNION HAS BECOME ANOTHER MAJOR CONSIDERATION: ALTHOUGH THE SOVIET UNION PROBABLY DOES NOT BELIEVE THAT THERE IS AN IMMEDIATE DANGER OF CHINESE ATTACK ON THE USSR, FEARS OF CHINESE MOVES WILL GROW AS CHINESE POWER EXPANDS IN RELATIVE TERMS. SOVIET DEFENSIVE CAPABILITIES ALSO HAVE IMPORTANT OFFENSIVE CHARACTERISTICS. THE CAPABILITY WHICH HAS BEEN CREATED IS FAR IN EXCESS OF THE SOVIET UNION'S PURELY DEFENSIVE REQUIREMENTS. MOREOVER, INCREASING EMPHASIS IS BEING PLACED ON OFFENSIVE WEAPONS.

- (11) PROTECTION OF THE EUROPEAN GLACIS

- 93. THIS WILL REMAIN AN AREA OF VITAL INTEREST. HIGH PRIORITY IS GIVEN BY THE SOVIET UNION TO THE PRESERVATION OF THE EUROPEAN GLACIS FORMED BY THE WARSAW PACT COUNTRIES, WHICH IT CONSIDERS ESSENTIAL FROM EVERY POINT OF VIEW (MILITARY, IDEOLOGICAL, POLITICAL
SECRET

PAGE 03 USNATO 13096 280014Z

AND ECONOMIC). MOSCOW'S MAIN CONCERN IS TO PRESERVE THE COHESION OF ITS CAMP AND TO AVOID ANY DESTABILISATION IN EASTERN EUROPE. TO THIS END, IT HAS FORMED A NETWORK OF CONSTRAINTS, BOTH BILATERAL AND MULTILATERAL, AS WELL AS MILITARY, POLITICAL AND ECONOMIC. THESE ARE DISCUSSED IN PARAGRAPHS 66-81 ABOVE.

- (111) SPECIAL CASE OF BERLIN

- 94. THE SOVIET ATTITUDE ON THE BERLIN ISSUE PROVIDES ANOTHER EXAMPLE OF SOVIET EFFORTS TO CONSOLIDATE THEIR GAINS WHILE STRIVING AT THE SAME TIME TO EXTEND THEIR HOLD. THE LONG-TERM SOVIET (AND GDR) GOALS AND POLICIES IN THE BERLIN QUESTION HAVE NOT CHANGED SINCE THE CONCLUSION OF THE 1971 QUADRIPARTITE AGREEMENT ON BERLIN AND ARE NOT COMPATIBLE WITH THE POLICY OF DETENTE. WHILE THE CITY'S POSITION HAS IMPROVED, ON THE WHOLE, SINCE THE QUADRIPARTITE AGREEMENT, THE USSR AND GDR CONTINUE THEIR EFFORTS TO ENFORCE THEIR CONCEPT OF AN "INDEPENDENT POLITICAL ENTITY OF WEST BERLIN", AND BOTH GOVERNMENTS REGARD IT AS DESIRABLE THAT IN THE LONG RUN BERLIN (WEST) SHOULD LOSE ITS CHARACTER AS AN

ENCLAVE OF THE WESTERN WORLD. SOVIET AND EAST GERMAN POLICIES, WHICH ARE VERY CLOSE AS REGARDS BERLIN, ARE DESIGNED (1) TO LOOSEN THE TIES BETWEEN BERLIN (WEST) AND THE FEDERAL REPUBLIC OF GERMANY, AND (2) TO ESTABLISH DIRECT LINKS BETWEEN BERLIN (WEST) AND THE COMMUNIST STATES.

- (1V) PRESERVATION OF THE USSR IN ITS ROLE AS LEADER OF THE INTERNATIONAL COMMUNIST MOVEMENT

- 95. THE USSR HAS NEVER GIVEN UP ITS ROLE AS A

SECRET

PAGE 01 USNATO 13096 280021Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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S E C R E T SECTION 22 OF 36 USNATO 13096

LEADER OF AND MODEL FOR WORLD COMMUNISM AND WILL CONTINUE
SECRET

PAGE 02 USNATO 13096 280021Z

TO STRIVE TO ASSERT ITSELF AS THE SOLE REPOSITORY OF THE TRUTH. HOWEVER, SOME REFERENCES BY BREZHNEV TO THE 1976 BERLIN DECLARATION IMPLY A CERTAIN WILLINGNESS ON THE PART OF THE SOVIET COMMUNIST PARTY TO ACCEPT DIVERSITY WITHIN INTERNATIONAL COMMUNISM.

- B. CREATION OF A NEW TYPE OF RELATIONSHIP WITH THE WESTERN COUNTRIES (IN PARTICULAR THROUGH THE POLICY OF DETENTE)

- 96. THE SOVIET CONCEPT OF DETENTE COINCIDES ON A NUMBER OF POINTS WITH WESTERN VIEWS (THE DESIRE TO AVOID A MILITARY CONFRONTATION AND TO MAINTAIN A CERTAIN MEASURE OF STABILITY IN EAST-WEST RELATIONS) WHILE DIFFERING WIDELY ON OTHERS (CONTINUATION OF THE WORLD REVOLUTIONARY PROCESS AND LIMITATION OF DETENTE TO INTER-GOVERNMENTAL RELATIONS IN EUROPE AND NORTH AMERICA). THE SOVIET UNION CONSIDERS DETENTE AS A TACTIC WITHIN THE OVERALL STRATEGY OF PEACEFUL COEXISTENCE, AND THUS AN INSTRUMENT FOR CHANGING PEACEFULLY THE WORLD CORRELATION OF FORCES IN ITS OWN FAVOUR AND INCREASING ITS INFLUENCE IN WESTERN EUROPE: THE WEST ON THE OTHER HAND REGARDS IT AS A MEANS NOT ONLY OF REDUCING TENSION BUT OF ADVANCING TOWARDS A CONSTRUCTIVE RELATIONSHIP WITH THE EAST. THIS RELATIONSHIP IMPLIES RESPECT FOR HUMAN RIGHTS AND THE REALISATION OF SELF-DETERMINATION BY ALL EUROPEAN NATIONS. AN IMPORTANT SOVIET AIM IN PURSUING DETENTE IS TO MAINTAIN CONDITIONS IN WHICH WESTERN TECHNOLOGY, CREDITS AND CERTAIN WESTERN SUPPLIES ARE AVAILABLE AS A MEANS OF OFF-SETTING SOME OF THE WEAKNESSES OF THE SOVIET AND EAST EUROPEAN ECONOMIES.

- 97. A MAJOR SOVIET PREOCCUPATION IS TO SECURE
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PAGE 03 USNATO 13096 280021Z

RECOGNITION OF AT LEAST PARITY IN THE POLITICAL AND STRATEGIC SPHERES. THEY WILL CONTINUE TO ATTACH HIGH IMPORTANCE TO THE DIALOGUE WITH WASHINGTON AS A MEANS OF:

- CONSECRATING THE SPECIAL ROLE OF THE USSR IN WORLD AFFAIRS;

- TRYING TO PARTICIPATE IN CRISIS CONTROL AND TO PREVENT A SECONDARY CONFLICT ESCALATING INTO NUCLEAR WARFARE;

- CONTROLLING AN ARMS RACE WHICH COULD HAVE INCALCULABLE NEGATIVE EFFECTS ON THE SOVIET ECONOMY;

- PREVENTING A RAPPROCHEMENT BETWEEN WASHINGTON AND PEKING WHICH COULD AFFECT THE SOUGHT-AFTER BALANCE BETWEEN THE USSR AND THE UNITED STATES.

- 98. IN THIS RESPECT, THERE IS A SPECIAL INTEREST IN SALT NEGOTIATIONS WITH A VIEW TO ACHIEVING RESULTS WHICH WILL AT LEAST ENDORSE THE PARITY OF THE NUCLEAR-STRATEGIC SYSTEMS AND REDUCE THE NEED FOR MASSIVE INVESTMENT IN A RENEWED NUCLEAR ARMS SPIRAL. THE ECONOMIC AND POLITICAL INCENTIVES TO CONCLUDE ARMS AGREEMENTS WHICH LIMIT US ARMS COMPETITION, ESPECIALLY IN THE STRATEGIC FIELD, WITHOUT DAMAGING PERCEIVED SOVIET SECURITY INTERESTS, WILL BE STILL GREATER IN THE PERIOD AHEAD IN VIEW OF LIKELY SOVIET ECONOMIC DIFFICULTIES. HOWEVER, THE EXTENT TO WHICH MOSCOW WILL BE WILLING TO ACCEPT ARMS CONTROL AGREEMENTS INCORPORATING THE PRINCIPLE OF PARITY APPLIED IN WHAT THE WEST WOULD CONSIDER A REALISTIC AND FAIR MANNER IS STILL UNCLEAR.

SECRET

PAGE 01 USNATO 13096 280028Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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USMISSION USBERLIN POUCH

S E C R E T SECTION 23 OF 36 USNATO 13096

- 99. SOVIET FOREIGN POLICY EFFORTS TO USE BOTH
SECRET

PAGE 02 USNATO 13096 280028Z

MILITARY POWER AND DETENTE VIS-A-VIS THE WESTERN SYSTEM
WILL CONTINUE TO MANIFEST THEMSELVES MOST CONSPICUOUSLY
IN WESTERN EUROPE. A PRINCIPAL SOVIET OBJECTIVE IS
TO PRESERVE THE STATUS QUO AS CREATED BY THE SECOND
WORLD WAR. THIS HAS BEEN THE MAIN SOVIET MOTIVE IN
THE CSCE CONTEXT. MOREOVER, THE USSR HAS PERSISTENTLY
SOUGHT TO SECURE RECOGNITION OF ITS POST-WAR POSITION
AS THE DOMINANT MILITARY POWER IN EUROPE.

- C. SEARCH FOR NEW GAINS

- 100. THE INTENSITY OF THE SEARCH FOR NEW ADVANTAGES,
WHICH IS MOSCOW'S THIRD MAIN AIM, WILL CONTINUE TO
DEPEND ON THE OPPORTUNITIES AVAILABLE. EVEN IF IT IS
MOST APPARENT IN THE THIRD WORLD, THEREFORE, IT WILL
BY NO MEANS BE LIMITED TO THIS AREA. IN GENERAL TERMS,
THE USSR PURSUES THE FOLLOWING OBJECTIVES:

- (1) TO HARNESS THE "ANTI-IMPERIALIST" LIBERATION
MOVEMENTS AND TO WIN OVER THE NEW STATES OF THE THIRD
WORLD AS ALLIES AGAINST THE WEST AND/OR CHINA. THE
SOVIETS SEE THE THIRD WORLD AS A PRIMARY ARENA FOR USSR
COMPETITION WITH THE WEST AND CHINA. A FURTHER ESSENTIAL
OBJECTIVE OF SOVIET FOREIGN POLICY IS TO UNDERMINE THE
RELATIONSHIP BETWEEN THE STATES OF THE THIRD WORLD AND
WESTERN INDUSTRIALISED NATIONS, WITH A VIEW TO REDUCING
WESTERN INFLUENCE IN THE THIRD WORLD AS MUCH AS POSSIBLE.
THIS MIGHT WEAKEN THE WEST BY ENDANGERING ITS SOURCES
OF RAW MATERIALS AND BY CLOSING MARKETS IN THE THIRD WORLD;

- (11) TO CONSOLIDATE AND EXPAND THE SOVIET UNION'S
POSITION AS A WORLD POWER IN STRATEGIC AND GEO-POLITICAL
TERMS.

SECRET

PAGE 03 USNATO 13096 280028Z

- 101. IN TERMS OF REGIONAL PRIORITIES, PRIMARY
SOVIET INTERESTS LIE IN THE MIDDLE EAST WHICH WILL
PROBABLY REMAIN THE MAJOR RECIPIENT OF SOVIET MILITARY
SUPPLIES; IN SOUTH ASIA WITH THE OBJECTIVE OF COUNTERING
CHINESE INFLUENCE; AND IN AFRICA WHICH OFFERS FAVOURABLE
OPPORTUNITIES TO UNDERMINE WESTERN INTERESTS. IN THE

AREAS ADJACENT TO THE SOVIET UNION, THE USSR SEEKS AT THE SAME TIME TO ENSURE THAT NO LOCAL POWER OR COMBINATION OF LOCAL AND EXTERNAL POWERS DEVELOP THE ABILITY TO POSE MILITARY THREATS TO SOVIET SECURITY.

III. TOOLS AND TACTICS

- A. POLITICAL

- 102. IN PURSUIT OF ITS OBJECTIVES, THE SOVIET UNION WILL NO DOUBT CONTINUE TO MAKE FULL USE OF THE TRADITIONAL POLITICAL INSTRUMENTS OF BILATERAL AND MULTILATERAL INTERGOVERNMENTAL LINKS, AS WELL AS OF CONTACTS WITH AND PROPAGANDA APPEALS TO SECTORS OF THE PUBLIC IN WESTERN AND THIRD WORLD COUNTRIES. THESE EFFORTS WILL BE BUTTRESSED BY POLITICAL EXPLOITATION OF ITS CAPABILITIES IN THE MILITARY, IDEOLOGICAL AND ECONOMIC FIELDS (SEE PARAGRAPHS 107-119).

- (1) VIS-A-VIS THE WEST

- 103. THE SOVIET UNION CAN BE EXPECTED TO APPLY THE FOLLOWING TACTICS WITH REGARD TO ALLIED COUNTRIES:

- UNDERMINE ATLANTIC SOLIDARITY BY PROMOTING DIFFERENCES BETWEEN THE NORTH AMERICAN AND EUROPEAN

SECRET

PAGE 01 USNATO 13096 280035Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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USMISSION USBERLIN POUCH

S E C R E T SECTION 24 OF 36 USNATO 13096

ALLIES, ESPECIALLY ON WHETHER, AND IN WHAT FORM, THE
SECRET

PAGE 02 USNATO 13096 280035Z

AMERICAN PROTECTION FOR WESTERN EUROPE IS GUARANTEED
(IT COULD TRY TO EXPLOIT SALT FOR THIS PURPOSE);

- EXPLOIT DIFFICULTIES IN VIEW OF THE TRENDS OF
DOMESTIC AND FOREIGN POLICY DEVELOPMENTS IN THE WESTERN
WORLD WHICH JEOPARDISE DEFENCE CAPABILITY AND READINESS
WITHIN NATO;

- EXPLOIT MORE SERIOUS DISAGREEMENTS AMONG THE ALLIES
ABOUT THE SHARING OF THE BURDENS OF A CONTINUED ARMS
RACE, ESPECIALLY IN VIEW OF THE SIGNS OF ECONOMIC
CRISIS IN THE WEST;

- ATTEMPT TO FRUSTRATE DEVELOPMENTS LIKELY TO
STRENGTHEN WESTERN EUROPEAN POLITICAL OR MILITARY POWER:
THE SOVIET UNION WILL NO DOUBT MAINTAIN EFFORTS TO
LIMIT FURTHER PROGRESS TOWARDS A WESTERN EUROPEAN
POLITICAL ENTITY AND, EVEN MORE SO, A POSSIBLE MILITARY
ENTITY, AND TRY TO DIVERT THIS TREND BY ITS ADVOCACY OF
PAN-EUROPEAN SECURITY CO-OPERATION.

-

- (11) VIS-A-VIS THE THIRD WORLD

- 104. THE SOVIET UNION CONTINUES TO REGARD INSURGEN-
CIES AND LIBERATION MOVEMENTS AS INSTRUMENTS TO ADVANCE
THEIR POSITION. IN MAKING CAPITAL OUT OF THIRD WORLD
CLAIMS AND BY THE USE OF ITS IDEOLOGY AND PROPAGANDA,
THE USSR IS AIMING TO IMPOSE AN IMAGE OF THE SOVIET
UNION AS THE SUPPORTER OF LIBERATION MOVEMENTS, THE
CHAMPION OF THE ANTI-IMPERIALIST STRUGGLE AND THE DIS-
PENSER OF DISINTERESTED AND EFFECTIVE AID. MOSCOW
TRIES TO GAIN ACCEPTANCE FOR THE IDEA THAT THE USSR
AND THESE COUNTRIES HAVE A "NATURAL" IDENTITY OF
SECRET

PAGE 03 USNATO 13096 280035Z

INTERESTS, AND THAT THE SOVIETS HAVE SUCCESSFULLY PRESENTED THEMSELVES AS SELFLESS CHAMPIONS OF THEIR INTERESTS. MILITARY AID HAS BEEN MOSCOW'S PRINCIPAL INSTRUMENT IN THE THIRD WORLD, AND ITS USE IS LIKELY TO INCREASE, TOGETHER WITH PROVIDING MILITARY ADVISERS AND TECHNICIANS. THE SOVIETS ALSO MANIPULATE THE FLOW OF SPARE PARTS TO ENFORCE A CLIENT'S DEPENDENCE.

- 105. IN RECENT YEARS THE SOVIET UNION AND THE EAST EUROPEAN STATES HAVE BEEN ABLE TO INCREASE THEIR INFLUENCE IN SOME REGIONS OF THE THIRD WORLD, BUT THEY HAVE ALSO SUFFERED SERIOUS SETBACKS. THE SUCCESSES WHICH THE SOVIETS HAVE SCORED CAN BE EXPLAINED TO A GREAT EXTENT BY THE CAPITAL WHICH THEY HAVE MADE OUT OF FAVOURABLE SITUATIONS AND BY THE CONVERGENCE - AT LEAST TEMPORARY - OF THEIR INTERESTS WITH THE INTERESTS OF THOSE THAT THEY SUPPORT. THE ANGOLAN AFFAIR PROVIDED AN EXAMPLE OF HOW MOSCOW COULD TAKE CALCULATED RISKS, IN THE FACE OF A PASSIVE WEST, TO USE A POLITICAL VACUUM FOR ITS OWN ENDS. ON THE OTHER HAND, EXPERIENCE HAS SHOWN THAT SOVIET SUCCESSES IN PENETRATING CERTAIN COUNTRIES CAN BE REVERSED ONCE THE REQUIREMENTS OF THE NATIONAL LIBERATION MOVEMENT OR REGIME IN QUESTION ARE NO LONGER PRIMARILY MILITARY. SOME OF THE SOVIET UNION'S FAILURES ARE PARTLY THE RESULT OF ITS BLATANT AND DETERMINED EFFORTS TO STRENGTHEN POSITIONS OF POWER, A POLICY WHICH HAS ALERTED THE THIRD WORLD TO THE DANGER OF A NEW DEPENDENCE (IMPOSED BY THE "IMPERIALISTIC SUPER POWER", ACCORDING TO CHINESE PROPAGANDA). A FURTHER POINT ABOUT ANGOLA IS THAT IT INTRODUCED, FOR THE FIRST TIME, THE USE OF CUBAN COMBAT FORCES IN A THIRD WORLD CRISIS SITUATION. IN THE LONG-TERM, CUBAN PREDELICITION FOR INVOLVEMENT IN "LIBERATION" WARS IN THE THIRD WORLD

SECRET

PAGE 01 USNATO 13096 280042Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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USMISSION USBERLIN POUCH

S E C R E T SECTION 25 OF 36 USNATO 13096

COULD NOT ONLY INCREASE THE TEMPTATION FOR THE RUSSIANS
SECRET

PAGE 02 USNATO 13096 280042Z

TO ADOPT A FORWARD POLICY IN SUCH SITUATIONS, BUT ALSO
INCREASE THE PRESSURE ON THEM TO DO SO. IN THIS SENSE
THE CUBAN DIMENSION COULD, TO SOME EXTENT, BECOME AN
AWKWARD STIMULUS TO SOVIET FOREIGN POLICY PLANNING.

- 106. OTHER OBSTACLES TO THE SPREAD OF SOVIET
INFLUENCE INCLUDE:

- (A) THE INTENSE NATIONALISM AND INCREASING INFLUENCE
OF RELIGIOUS MOVEMENTS IN MOST THIRD WORLD COUNTRIES;
PRESENCE OF REGIONAL POWERS RELUCTANT TO SEE ANY OUTSIDE
POWER PLAY A DOMINANT ROLE; ADHERENCE OF SOME OF THESE
COUNTRIES TO A POSITION OF MILITARY NON-ALIGNMENT;
AND VICISSITUDES OF THIRD WORLD POLITICS;

- (B) LIMITED ABILITY TO COMPETE WITH THE WEST IN
CULTURAL, POLITICAL, ECONOMIC AND TECHNOLOGICAL TERMS.
IN PARTICULAR, THE CONTRAST BETWEEN FAR-REACHING EASTERN
POLITICAL AMBITIONS AND THE NARROW LIMITS OF THEIR
ECONOMIC POSSIBILITIES IS BECOMING INCREASINGLY OBVIOUS.
IN ADDITION, THE THIRD WORLD COUNTRIES HAVE BEEN DIS-
APPOINTED BY THE LITTLE SUPPORT WHICH THEY HAVE RECEIVED
FROM THE EASTERN COUNTRIES FOR THEIR CLAIMS IN THE
CONTEXT OF THE NORTH-SOUTH DIALOGUE. IN COMPARISON WITH
THE WEST AND IN ABSOLUTE TERMS, THE FOREIGN TRADE AND
DEVELOPMENT AID OF THE EASTERN BLOC COUNTRIES ARE
VERY MODEST (SEE ALSO PARAGRAPH 118(11));

- (C) CONTINUED WESTERN DEVELOPMENT AID AND POLITICAL SUPPORT AS WELL AS THE PRESENCE OF MILITARY FORCES IN THE THIRD WORLD INHIBIT THE EXTENSION OF SOVIET INFLUENCE.

- B. MILITARY
SECRET

PAGE 03 USNATO 13096 280042Z

- 107. THE WARSAW PACT LAND, AIR AND SEA CAPABILITY IS CONTINUING TO RISE RAPIDLY AND TO AN EXTENT WHICH EXCEEDS THE PACT'S APPARENT DEFENCE REQUIREMENTS. MOREOVER, THE EMPHASIS IS BEING PLACED ON OFFENSIVE WEAPONS (FOR EXAMPLE THE SHIFT FROM PURELY DEFENSIVE CONCEPTS TO AN OFFENSIVE NAVAL DOCTRINE). THE SOVIET UNION HAS DEVELOPED FROM A COUNTRY WEAKENED BY CIVIL WAR AND ISOLATION AND INFERIOR TO THE WEST IN EVERY RESPECT INTO A SUPER-POWER EXERCISING HEGEMONY OVER ITS ALLIES. THE IMPORTANCE AND ROLE IN THE WORLD OF THE SOVIET ARMED FORCES HAVE GROWN CORRESPONDINGLY. THIS RAISES THE QUESTION OF THE PLACE WHICH THIS GROWING MILITARY POTENTIAL WILL OCCUPY IN SOVIET FOREIGN POLICY IN THE YEARS AHEAD.

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- 108. WHILE THE CHINESE THREAT IS SEEN MAINLY AS A LONG-TERM DANGER, THE SOVIET UNION CONSIDERS THERE IS AN IMMEDIATE NEED FOR A LARGE AND VISIBLE MILITARY PRESENCE IN ORDER TO DISCOURAGE ANY CHINESE ADVENTURISM, TO MAINTAIN THE MORALE OF THE RELATIVELY SMALL RUSSIAN SETTLEMENTS IN SIBERIA AND TO DISCOURAGE ANY POSSIBLE PRO-CHINESE ASPIRATIONS AMONG THE ASIAN PEOPLES OF SOVIET CENTRAL ASIA.

- 109. IN ADDITION TO THESE DEFENSIVE ROLES, THE SOVIET UNION WILL ALSO CONTINUE TO SEE ITS MILITARY STRENGTH AS A POLITICAL WEAPON WHICH, BY ITS DEMONSTRATIVE EFFECT, CAN CHANGE THE "OBJECTIVE CONDITIONS" OF THE INTERNATIONAL SCENE IN ITS FAVOUR. MOSCOW ITSELF EMPHASISES THAT IT IS THEIR GROWING MILITARY FORCES AND THE RESULTING SHIFT IN THE BALANCE OF POWER BETWEEN EAST AND WEST WHICH HAS TO A LARGE EXTENT MADE POSSIBLE

SECRET

PAGE 01 USNATO 13096 280050Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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AMEMBASSY WARSAW POUCH
USMISSION USBERLIN POUCH

S E C R E T SECTION 26 OF 36 USNATO 13096

THE SUCCESSES CLAIMED FOR THE SOVIET POLICY OF DETENTE.
SECRET

PAGE 02 USNATO 13096 280050Z

THE PRIMARY PURPOSE IS THE EXERTION OF POLITICAL PRESSURES RATHER THAN THE CONDUCT OF ARMED CONFLICT, SINCE THE SOVIET LEADERS ARE WELL AWARE THAT, GIVEN THE DEFENSIVE STRENGTH OF THE ALLIANCE, ARMED CONFLICT WOULD BE BOUND TO JEOPARDISE THEIR HARD WON ACHIEVEMENTS.

- 110. IN ACCORDANCE WITH THIS APPROACH, THEIR MILITARY POWER WILL REMAIN AN IMPORTANT ADJUNCT TO SOVIET FOREIGN POLICY IN THE LIMITROPHE COUNTRIES SUCH AS FINLAND, SWEDEN, AFGHANISTAN, INDIA, PAKISTAN AND IRAN. ON A WIDER SCALE, WHILE SOVIET MILITARY STRENGTH IS NEUTRALISED WITHIN THE ALLIANCE AREA BY THE BALANCE OF FORCES MAINTAINED BY THE ALLIES, SOVIET MILITARY FORCES WILL CONTINUE TO SUPPORT THEIR EFFORTS TO EXTEND SOVIET POLITICAL INFLUENCE IN THIRD WORLD COUNTRIES.

- 111. THE SOVIET EMPHASIS ON ITS MILITARY STRENGTH WILL ALSO CONTINUE TO BE SEEN BY THEM AS AN ESSENTIAL MEANS OF ENSURING THE STATUS OF THE SOVIET UNION AS ONE OF THE TWO SUPER-POWERS. LACKING ECONOMIC AND TECHNO-

LOGICAL EQUIVALENCE WITH THE WEST, AND IDENTIFIED WITH AN INCREASINGLY UNATTRACTIVE IDEOLOGY, THE SOVIET UNION RELIES FOR ITS POSITION AS A WORLD POWER PREDOMINANTLY ON ITS MILITARY STRENGTH.

- 112. IN ADDITION TO THESE MAJOR ROLES SEEN FOR THEIR MASSIVE MILITARY POWER, THERE ARE A NUMBER OF OTHER IMPORTANT FACTORS WHICH WILL CONTINUE TO ENCOURAGE THE SOVIET LEADERSHIP TO GIVE HIGH PRIORITY TO MILITARY FORCES: THE HISTORIC EXPERIENCE OF FOREIGN INVASIONS WHICH LEADS TO OVER-INSURANCE; THE IMPORTANCE OF THE MILITARY ESTABLISHMENT AND INDUSTRIAL/MILITARY COMPLEX
SECRET

PAGE 03 USNATO 13096 280050Z

WHOSE DEMANDS THE LEADERSHIP NEED TO SATISFY; AND THE TRADITIONAL WISH FOR "MASSES OF EVERYTHING".

- 113. AN INCREASINGLY IMPORTANT INSTRUMENT FOR THE SOVIET UNION IN THE WORLD-WIDE CONFRONTATION BETWEEN THE SYSTEMS IS ITS CONSIDERABLE STRENGTHENED NAVY. SOVIET DEPLOYMENTS - PRIMARILY NAVAL AND AIR - SERVE TO DEMONSTRATE SOVIET SUPPORT TO THIRD WORLD COUNTRIES. THEY WILL GROW SIGNIFICANTLY IN CAPABILITY BUT WILL BE AFFECTED BY BASE SHORTAGES (NAVAL) AND THE NECESSITY TO OBTAIN OVERFLIGHT AND STAGING PRIVILEGES (AIR) WHICH MAY PROVE DIFFICULT, IF NOT IMPOSSIBLE, TO OBTAIN. DESPITE THESE DIFFICULTIES OVER THE NEXT DECADE, FORCE IMPROVEMENTS WILL CONTINUE TO ENHANCE SOVIET CAPABILITY TO ASSIST CLIENT STATES BY SUPPLEMENTING LOCAL DEFENCES. THE POLITICAL TASK OF THE SOVIET NAVY IN PARTICULAR IS TO DEMONSTRATE THE GLOBAL RANGE OF SOVIET POWER, TO UNDERLINE THE SOVIET CLAIM TO COMPREHENSIVE SUPER-POWER STATUS AND TO CLOSE A GAP IN THE SOVIET THREAT AND PROTECTION CAPABILITY. SOVIET MERCHANT CIVIL AIR-CRAFT AND FISHERY VESSELS ARE OPERATING ON A WORLD-WIDE SCALE. WHILE THE USSR IS MUCH LESS DEPENDENT THAN THE WESTERN COUNTRIES ON OUTSIDE MARKETS, THESE GROWING FOREIGN TRADE AND MARITIME INTERESTS HAVE TO BE MILITARILY PROTECTED. IT IS DOUBTFUL, HOWEVER, WHETHER THIS IS A VERY SIGNIFICANT FACTOR IN THE EXPANSION OF THE SOVIET NAVY.

- 114. THE BUILD-UP OF SOVIET MILITARY CAPABILITIES IN NORTHERN AND SOUTHERN EUROPE IS MOTIVATED TO VARYING EXTENTS BY THE VARIOUS ROLES FOR THEIR MILITARY FORCES DESCRIBED ABOVE. THE SOVIET ATTITUDE IN ITS POLICY IN THE NORTHERN REGION SHOWS THAT THE USSR, WHILE WISHING

SECRET

PAGE 01 USNATO 13096 280057Z

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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USMISSION USBERLIN POUCH

S E C R E T SECTION 27 OF 36 USNATO 13096

TO IMPROVE THE DEFENCE OF THE MILITARY FACILITIES IN
SECRET

PAGE 02 USNATO 13096 280057Z

THE KOLA PENINSULA, IS ATTEMPTING TO TILT THE REGIONAL
BALANCE OF FORCES IN ITS FAVOUR. THEIR AIM SEEMS TO
BE TO PAVE THE WAY FOR POSSIBLE FUTURE EXPLOITATION IN
ORDER BOTH TO PROMOTE SOVIET STRATEGIC INTERESTS AND
TO STRENGTHEN SOVIET POLITICAL AND ECONOMIC INFLUENCE
IN THE AREA. THROUGH NAVAL DEPLOYMENTS AND EXERCISE
PATTERNS, MOSCOW HAS DEMONSTRATED AN AMBITION TO BE
ABLE TO CONTROL IN AN EMERGENCY THE BARENTS SEA AND
THE NORWEGIAN SEA AS FAR OUT TO THE WEST AND SOUTH AS
POSSIBLE. THERE IS AN INCREASING EMPHASIS ON THE ABILITY
TO PERFORM MORE COMPLEX TASKS, INCLUDING MORE EXTENSIVE
OPERATIONS IN THE NORTH ATLANTIC (SEE ANNEX II). IN
SOUTHERN EUROPE, LIKEWISE, THE NOW PERMANENT PRESENCE

OF A SOVIET SQUADRON IN THE MEDITERRANEAN REFLECTS A TWOFOLD AIM: TO REMEDY THE GEOGRAPHICAL HANDICAP CONSTITUTED BY THE DARDANELLES AS REGARDS REINFORCEMENTS FROM THE BLACK SEA (MONTREUX CONVENTION); AND TO PROVIDE A LAUNCHING PAD FOR SOVIET POLITICO-MILITARY INITIATIVES IN THE MEDITERRANEAN AREA.

- C. IDEOLOGICAL

- 115. THE SOVIET UNION'S DETERMINATION TO BE SEEN AS THE LEADER OF THE INTERNATIONAL COMMUNIST MOVEMENT CAN EASILY BE EXPLAINED BY ITS USE OF IDEOLOGY AS ONE OF ITS INSTRUMENTS FOR FOREIGN PENETRATION. ON THE OTHER HAND, IT IS PRECISELY BECAUSE THERE HAS BEEN A GROWING AWARENESS OUTSIDE THE SOVIET UNION THAT MOSCOW HAS NO HESITATION IN USING IDEOLOGY TO FURTHER ITS INTERESTS, AND IF NECESSARY IN SUBORDINATING IDEOLOGICAL INTERESTS TO SOVIET STATE INTERESTS (PARTICULARLY IN THE THIRD WORLD), THAT THE MAGNETISM OF ITS MESSAGE HAS LOST A GREAT DEAL OF ITS PULL. DURING THE PAST
SECRET

PAGE 03 USNATO 13096 280057Z

SIXTY YEARS, THE USSR HAS BEEN COMPELLED TO WAGE A DEFENSIVE ACTION AGAINST CHALLENGES TO ITS IDEOLOGICAL MONOPLOY, VIZ:

- (A) THE PROBLEM OF SINO-SOVIET RELATIONS

- THE CHINESE SCHISM CONSTITUTES THE MOST SERIOUS CHALLENGE TO SOVIET PRIMACY. MOSCOW IS INTENT ON ISOLATING CHINA INTERNATIONALLY, IN PARTICULAR BY WARDING OFF A POSSIBLE RAPPROCHEMENT WITH THE UNITED STATES. THE CONSTANT NIGHTMARE OF THE SOVIET UNION WILL REMAIN THE ALLIANCE OF AMERICAN AND/OR JAPANESE CREDITS AND TECHNOLOGY WITH CHINESE NATIONAL AND HUMAN RESOURCES. A SIGNIFICANT RECONCILIATION BETWEEN THE TWO COUNTRIES WILL BE UNLIKELY IN THE FORESEEABLE FUTURE.

- (B) YUGOSLAVIA

- WHILE THE SOVIET LEADERS SEEM PREPARED FOR THE PRESENT NOT TO MEDDLE IN YUGOSLAV AFFAIRS, THERE IS EVERY REASON TO BELIEVE THAT IN THE EVENT OF DIFFICULTIES IN THE POST-TITO PERIOD, THEY WOULD NOT HESITATE TO TAKE ADVANTAGE OF THEM IN AN EFFORT TO BRING YUGOSLAVIA BACK INTO THEIR ORBIT. EVERYTHING WILL HINGE ON THE CAPACITY OF YUGOSLAVIA'S INSTITUTIONS AND FUTURE LEADERS TO PRESERVE THE CURRENT POLITICAL LINE. EFFORTS TO STRENGTHEN THE INSTITUTIONS AND IN PARTICULAR TO ENSURE THAT THE MACHINERY ESTABLISHED FOR THE SUCCESSION WILL FUNCTION SMOOTHLY WOULD SEEM TO INDICATE THAT YUGOSLAVIA HAS A GOOD CHANCE OF BEING ABLE TO PRESS ON WITH ITS

NATIONAL EXPERIMENT.

- (C) EUROCOMMUNISM

SECRET

PAGE 01 USNATO 13096 280104Z

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12

NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00

AGRE-00 DODE-00 NSC-05 COME-00 CU-04 EB-08 HA-05

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P 271945Z DEC 77

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INFO AMEMBASSY ANKARA POUCH

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S E C R E T SECTION 28 OF 36 USNATO 13096

- THE INCREASINGLY INDEPENDENT STANCE OF CERTAIN

SECRET

PAGE 02 USNATO 13096 280104Z

EUROPEAN COMMUNIST PARTIES HAS FURTHER WEAKENED THE

CPSU CLAIM TO RULE THE INTERNATIONAL COMMUNIST MOVEMENT.

BUT "EUROCOMMUNISM" IS STILL EVOLVING, AND IT IS TOO

EARLY TO DISCERN THE DIRECTION IT WILL ULTIMATELY TAKE.

- 116. FOR MOSCOW TO WIN BACK THE UPPER HAND, IT WOULD HAVE BEEN NECESSARY FOR IT TO SPARK OFF A NEW IDEOLOGICAL IMPULSE BASED ON THE VALUES OF THE OCTOBER REVOLUTION BUT ADAPTED TO THE CHANGES THAT HAVE TAKEN PLACE IN INTERNATIONAL SOCIETY SINCE 1917, THEREBY DEMONSTRATING THAT THE CPSU WAS A CONTINUING AND GENUINE SOURCE OF INSPIRATION FOR COMMUNISTS THE WORLD OVER. HOWEVER, THIS IDEOLOGICAL RENEWAL SHOWS NO SIGN OF OCCURRING. IF SOVIET MILITARY MIGHT DID NOT EXIST, IDEOLOGY IN ITSELF WOULD CONSTITUTE A VERY INADEQUATE VEHICLE FOR THE PROMOTION OF THE KREMLIN'S FOREIGN POLICY.

- 117. THE EFFORT WHICH THE CPSU WILL INEVITABLY BE MAKING IN THE YEARS TO COME TO REGAIN ITS GRIP WILL THEREFORE BE A VERY DIFFICULT ONE. IN ANY CASE, IT WILL HAVE TO BE BUTTRESSED BY ARGUMENTS THAT ARE MORE PERSUASIVE THAN IDEOLOGY ALONE; IN OTHER WORDS, ARMS AND ECONOMIC AID. THE MAJOR CONCERN OF THE SOVIET LEADERSHIP WILL BE TO ENSURE THAT THE VARIOUS DISSENSIONS WITHIN THE "SOCIALIST" CAMP DO NOT EVENTUALLY START UP A PROCESS OF IDEOLOGICAL DISINTEGRATION IN EASTERN EUROPE.

- D. ECONOMIC

- 118. (1) EAST-WEST RELATIONS

SECRET

PAGE 03 USNATO 13096 280104Z

- DURING THE 1980'S, TRADE WILL REMAIN ONE OF THE SOVIET UNION'S MEANS FOR DEVELOPING OR LIMITING ITS RELATIONS WITH THE WEST. THE HIGHLY CENTRALISED NATURE OF THE SOVIET ECONOMY MAKES IT POSSIBLE TO USE FOREIGN TRADE FOR THIS PURPOSE. HOWEVER, MOSCOW'S ROOM FOR MANOEUVRE WILL BE NARROW BECAUSE OF ITS RELATIVELY SMALL SHARE IN OVERALL WESTERN TRADE AND BECAUSE OF ITS DEPENDENCE ON CAPITAL EQUIPMENT IMPORTS, WHICH ONLY THE WESTERN COUNTRIES CAN PROVIDE, AS WELL AS ON THE NECESSARY CREDITS TO BUY THEM. BY CONTRAST THE WEST WOULD, IF NECESSARY, ALMOST INVARIABLY BE ABLE TO REPLACE IMPORTS FROM THE SOVIET BLOC BY PROCUREMENTS FROM OTHER SOURCES, PARTICULARLY IN THE THIRD WORLD.

- (11) EAST-SOUTH RELATIONS

- BECAUSE OF THEIR OWN ECONOMIC DIFFICULTIES, IT SEEMS UNLIKELY THAT DURING THE NEXT FEW YEARS THE COMMUNIST COUNTRIES WILL BE IN A POSITION EITHER TO BOOST SUBSTANTIALLY THEIR DEVELOPMENT AID, OR TO PROVIDE NON-TIED AID, OR TO TAKE PART IN MULTILATERAL AID SCHEMES. ON THE OTHER HAND, THE CONCLUSION OF LONG-TERM

TRADE AGREEMENTS IS THE EASIEST FORM OF ECONOMIC
CO-OPERATION WITH THE THIRD WORLD SINCE IT FITS IN WITH
THE ORGANIZATION OF THE FOREIGN TRADE OF EASTERN
COUNTRIES. IN THE YEARS TO COME IT COULD PROVE ONE
OF THE FAVOURITE ECONOMIC INSTRUMENTS FOR COMMUNIST
BLOC PENETRATION OF THE THIRD WORLD.

IV. OUTLOOK

- 119. THE IDEOLOGICAL WEAPON HAS LOST SOME OF ITS

SECRET

PAGE 01 USNATO 13096 280111Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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AMEMBASSY WARSAW POUCH
USMISSION USBERLIN POUCH

S E C R E T SECTION 29 OF 36 USNATO 13096

CREDIBILITY AS A TOOL OF SOVIET FOREIGN POLICY, AND THE
SECRET

PAGE 02 USNATO 13096 280111Z

ECONOMIC FACTOR CAN ONLY PLAY A MARGINAL ROLE. THIS LEAVES THE CONSIDERABLE ARMAMENTS EFFORT IN BOTH THE CONVENTIONAL AND NUCLEAR FIELDS. THE QUESTION WHICH ARISES IS TO WHAT ENDS THIS EFFORT, WHICH WEIGHS SO HEAVILY ON THE SOVIET ECONOMY, IS DIRECTED. POSSIBLE ANSWERS ARE THAT:

- (1) THE USSR HAS STILL NOT, SIXTY YEARS AFTER THE OCTOBER REVOLUTION, OUTGROWN ITS SIEGE MENTALITY AND BELIEVES THAT THIS EFFORT IS ESSENTIAL TO ITS SECURITY, TO CONTROL EASTERN EUROPE, AND TO DETER THE DESIGNS ATTRIBUTED TO THE WESTERN POWERS AND TO CHINA;
- (11) THE SOVIET LEADERS, NOW THAT THEIR DIPLOMACY HAS ACHIEVED UNIVERSAL DIMENSIONS, WANT TO HAVE READY THE MILITARY MEANS OF CARRYING THROUGH ANY POLITICAL MOVE WHEN AND WHERE THEY CONSIDER APPROPRIATE.
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- 120. THE FULL EXPLANATION WILL DOUBTLESS HAVE TO INCORPORATE THESE VARIOUS CONSIDERATIONS. THIS BEING SAID, THE SPIRIT OF THE REGIME AND THE CHARACTERISTICS OF SOVIET ACTIVITY ABROAD, MARKED BY A DEEPLY INGRAINED MISTRUST OF ANYTHING SMACKING OF THE IMPETUOUS, MAKE THE FIRST ANSWER MORE PLAUSIBLE WHILE NOT ENTIRELY RULING OUT THE SECOND. HOWEVER, THIS ORDER OF PRIORITY COULD CHANGE IF THE WEST SHOWED SIGNS OF WEAKNESS.
- 121. ONE LAST POINT NEEDS TO BE MADE: THE AIMS AND CONCERNS OF THE SOVIET LEADERSHIP EMBRACE AN APPARENT CONTRADICTION - DETENTE VERSUS PRESERVATION OF EMPIRE AND PUSH FOR FURTHER GAINS. THE SOVIET UNION HAS GIVEN AND UNDOUBTEDLY WILL CONTINUE TO GIVE PRIORITY TO WHAT IT REGARDS AS ESSENTIAL IN EACH CASE. IF FORCED
SECRET

PAGE 03 USNATO 13096 280111Z

TO CHOOSE BETWEEN DETENTE AND THE PRESERVATION OF ITS EMPIRE, IT WILL CERTAINLY CHOOSE THE LATTER. THE CONTRADICTION IS MORE APPARENT THAN REAL BECAUSE FOR MOSCOW DETENTE IS A TACTIC, A MEANS TO PRESERVE THE SOVIET EMPIRE AND BRING ABOUT ADDITIONAL GAINS. IF IT SHOULD SHOW SIGNS OF DEFEATING ITS PURPOSE, DETENTE POLICY WOULD DOUBTLESS BE ABANDONED FOR ANOTHER TACTIC.

ANNEX I TO ISD/165 (2ND REVISE)

TRENDS IN INDIVIDUAL EAST EUROPEAN COUNTRIES

BULGARIA

1. IT IS LIKELY THAT BULGARIA WILL RETAIN ITS POSITION

AS THE MOST POLITICALLY STABLE OF THE EAST EUROPEAN COUNTRIES. THERE IS EVIDENCE OF SOME POPULAR DISSATISFACTION WITH ECONOMIC AND SOCIAL CONDITIONS, BUT THIS MAKES ITSELF FELT MORE IN PASSIVE FORMS (E.G. WORKER INDIFFERENCE) THAN IN ACTIVE DISSIDENCE, AND THE CHANCES OF SIGNIFICANT UNREST SEEM REMOTE. BOTH THE ORTHODOX CHURCH AND NATIONAL MINORITIES ARE UNDER FIRM CENTRAL CONTROL. HOWEVER, THE NARROW CONCENTRATION OF POLITICAL POWER IN ZHIVKOV'S HANDS, INTENSIFIED BY RECENT HIGH LEVEL PURGES, COULD RESULT IN A SUCCESSION STRUGGLE, WHICH IN TURN COULD AFFECT OVERALL STABILITY.

2. BULGARIA'S ECONOMIC GROWTH HAS SO FAR BEEN IMPRESSIVE, THANKS IN PART TO CLOSE ECONOMIC TIES WITH THE USSR. A CONTINUATION OF RAPID DEVELOPMENT MAY BE DIFFICULT. IN PARTICULAR THE LARGE HARD CURRENCY DEFICIT WITH THE WEST MAY FORCE A CURTAILMENT IN THE ACQUISITION OF WESTERN TECHNOLOGY. LOW PRODUCTIVITY, A GROWING MANPOWER SHORTAGE AND LOOMING ENERGY PROBLEMS IN THE EAST AS A WHOLE ALSO

SECRET

PAGE 01 USNATO 13096 280122Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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AMEMBASSY WARSAW POUCH
USMISSION USBERLIN POUCH

S E C R E T SECTION 30 OF 36 USNATO 13096

MAKE IT DOUBTFUL WHETHER THE ECONOMIC GROWTH RATE OF THE
SECRET

PAGE 02 USNATO 13096 280122Z

PAST FEW YEARS CAN BE MAINTAINED.

3. BULGARIA IS UNLIKELY TO CHANGE ITS CLOSE AFFILIATION WITH THE SOVIET UNION, AND WILL CONTINUE TO CARRY A SPEAR FOR SOVIET FOREIGN POLICIES. BULGARIA IS A SLAVIC AND ORTHODOX COUNTRY LIKE THE SOVIET UNION, AND, UNLIKE OTHER EAST EUROPEAN COUNTRIES, THERE IS NO ANTI-RUSSIAN FEELING AMONG THE POPULATION. IN ADDITION TO ITS HIGH DEGREE OF ECONOMIC DEPENDENCE ON THE SOVIET UNION, INCLUDING FOR CERTAIN KEY RAW MATERIALS, THE REGIME SEES MOSCOW AS A GUARANTOR OF ITS CONTINUATION IN POWER AND SECURITY AGAINST ITS NEIGHBOURS. THE "SPECIAL" RELATIONSHIP WITH THE SOVIET UNION IS REFLECTED IN BULGARIA'S STRONG SUPPORT FOR INTEGRATION WITH THE WARSAW PACT AND COMECON. THE KREMLIN WILL CONTINUE TO CONTROL BULGARIAN RESPONSES TO YUGOSLAVIA OVER THE MACEDONIAN NATIONALITY ISSUE. HOWEVER, IF SOVIET AND YUGOSLAV SUCCESSION CRISES WERE TO OCCUR SIMULTANEOUSLY, BULGARIA COULD FOLLOW AN INDEPENDENT AND POSSIBLY MORE ASSERTIVE POLICY TOWARDS MACEDONIA.

CZECHOSLOVAKIA

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4. THE HUSAK GOVERNMENT HAS THE COUNTRY UNDER TIGHT CONTROL, SUBJECT TO CLOSE TUTELAGE FROM MOSCOW. THE PROSPECTS FOR INTERNAL LIBERALISATION IN THE HUMAN RIGHTS OR ECONOMIC AREAS ARE DIM. THE PRESENT STABILITY IS BASED ON WIDESPREAD RESIGNATION AND APATHY AMONG THE PEOPLE, AS WELL AS A RELUCTANCE TO PUT THE FAIRLY HIGH STANDARD OF LIVING AT RISK TO NO AVAIL. THE SUCCESS OF THE REGIME IN SILENCING MANY OF THE CHARTER 77 DISSIDENTS MUST HAVE CONFIRMED THIS MOOD OF PESSIMISM. NEVERTHELESS THE DISSIDENT MOVEMENT IS LIKELY TO CONTINUE AND TO MAINTAIN A CERTAIN AMOUNT OF PRESSURE ON THE REGIME.

SECRET

PAGE 03 USNATO 13096 280122Z

5. THE CATHOLIC CHURCH HAS COMPARATIVELY LITTLE INFLUENCE, AND ITS POSITION WILL PROBABLY GRADUALLY ERODE FURTHER. DESPITE RIVALRY BETWEEN CZECHOSLOVAKIA'S TWO MAIN NATIONAL GROUPS, SOVIET INFLUENCE IS LIKELY TO BE SUFFICIENT TO PREVENT THIS FROM BECOMING AN IMPORTANT POLITICAL FACTOR.

6. ALL THESE ELEMENTS SUGGEST THAT THE MID-1980S ARE UNLIKELY TO SEE A CZECHOSLOVAKIA MUCH DIFFERENT FROM TODAY. THE MAIN DANGER TO STABILITY COULD COME IF THERE SHOULD BE A PROLONGED STAGNATION OF LIVING STANDARDS RESULTING IN WORKER DISCONTENT. CONSIDERABLE ECONOMIC PROBLEMS WILL NO DOUBT CONTINUE TO FACE THE REGIME. SOVIET AND WESTERN PRICE INCREASES HAVE HIT HARD, THE INDUSTRY SORELY REQUIRES MODERNISATION AND PRODUCTIVITY IS FAR FROM ADEQUATE. CONTINUING MANPOWER SHORTAGES MAY REQUIRE THE AUTHORITIES TO ACCEPT INCREASED NUMBERS OF IMMIGRANT WORKERS. INDUSTRIAL OUTPUT GROWTH RATES ARE ALREADY DECLINING AND ARE LIKELY TO CONTINUE DOWNWARDS. THESE PROBLEMS COULD CREATE DIFFICULTIES FOR PARTY UNITY, AS THEY HAVE IN THE PAST. BUT THEY WOULD HAVE TO BECOME MUCH MORE ACUTE THAN AT PRESENT TO ROUSE THE PUBLIC FROM ITS POST-INVASION APATHY.

7. IF THERE IS TO BE ANY CHANGE IN INTERNAL POLICIES, IT IS LIKELY TO COME FROM WITHIN THE PARTY. THE PRESENT LEADERSHIP ARE NOT ALL HARD-LINERS, BUT MEMORIES OF THE DUBCEK CRISIS WILL MAKE THEM ANXIOUS TO AVOID ANY IMPRESSION OF DISUNITY. ITS PRESENT POLITICAL COLOUR IS LIKELY TO REMAIN UNCHANGED INTO THE 1980S. HOWEVER, THE DEATH OF A KEY FIGURE COULD BRING ABOUT A STRUGGLE FOR POWER.

SECRET

PAGE 01 USNATO 13096 280130Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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AMEMBASSY WARSAW POUCH
USMISSION USBERLIN POUCH

S E C R E T SECTION 31 OF 36 USNATO 13096

8. IN FOREIGN POLICY THE GOVERNMENT WILL FAITHFULLY
SECRET

PAGE 02 USNATO 13096 280130Z

FOLLOW THE SOVIET LINE.
GERMAN DEMOCRATIC REPUBLIC

9. IN THE GDR THE HONECKER LEADERSHIP HAS NOT BEEN SUCCESSFUL IN WINNING GENERAL DOMESTIC ALLEGIANCE TO COMMUNISM. A LONG-TERM PROBLEM OF A PARTICULAR NATURE IS THE GERMAN QUESTION WHICH REMAINS UNSOLVED. THE GDR HAS COUNTERED THE POLITICAL AIM OF THE FEDERAL REPUBLIC OF GERMANY TO "WORK TOWARDS A STATE OF PEACE IN EUROPE IN WHICH THE GERMAN PEOPLE WILL REGAIN ITS UNITY IN FREE SELF-DETERMINATION" BY THE THESIS THAT THE GERMAN QUESTION HAD BEEN DISPOSED OF A LONG TIME AGO; THIS HAS BEEN CONFIRMED BY THE FINAL ACT. HOWEVER, THE GDR CANNOT ELIMINATE THE RIGHTS AND RESPONSIBILITIES OF THE FOUR POWERS IN REGARD TO GERMANY AS A WHOLE, WHICH ARE BEING CLAIMED ALSO BY THE SOVIET UNION, ALTHOUGH PERHAPS ONLY TACITLY. NOR HAS THE LEADERSHIP ACHIEVED BY FREE, DEMOCRATIC MEANS AN ACKNOWLEDGEMENT BY THE POPULACE OF EAST GERMANY AS A PERMANENT NATION STATE.

10. A DECISIVE FACTOR FOR THE STABILITY OF THE REGIME REMAINS THE PRESENCE OF 20 SOVIET DIVISIONS WITHIN THE GDR. THE PEOPLE ARE ONLY TOO FAMILIAR WITH THE REAL POWER SITUATION. BUT THE FEDERAL REPUBLIC OF GERMANY AND THE WEST CONTINUE TO EXERT A STRONG ATTRACTION AND REMAIN A MAIN POINT OF COMPARISON FOR THE PEOPLE. SINCE THE PUBLICATION OF THE CSCE FINAL ACT THE GDR POPULATION IN GENERAL HAS EVINCED GROWING SELF-CONFIDENCE IN RELATION TO AUTHORITY. THIS IS DEMONSTRATED, INTER ALIA, BY THE LARGE NUMBER WISHING TO EMIGRATE TO THE WEST. THE RESTRICTIVE REACTION BY THE AUTHORITIES TO EMIGRATION DEMANDS SHOWS THE MEASURE OF THEIR CONCERN. WHILE DISCONTENT, PARTICULARLY IN RELATION TO PRICES, HAS BEEN
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PAGE 03 USNATO 13096 280130Z

GROWING, VOCAL DISSIDENCE IS NOT YET AN IMPORTANT PROBLEM, ALTHOUGH MORE INTELLECTUALS ARE BEGINNING TO EXPRESS THEIR DISSENT OPENLY AND CLASHES BETWEEN YOUNG PEOPLE AND THE POLICE ARE ON THE INCREASE. AN ORGANIZED DISSIDENT MOVEMENT DOES NOT EXIST AND IS NOT LIKELY TO DEVELOP IN THE FORESEEABLE FUTURE. THIS PREDICTION RESTS IN PART ON THE POLICY RECENTLY ADOPTED BY THE REGIME TO EXPEL OVERLY RECALCITRANT MEMBERS OF THE INTELLIGENTSIA, A POLICY OF WHICH BALLADEER BIERMANN WAS THE FIRST VICTIM.

11. ECONOMICALLY EAST GERMANS ARE AMONG THE BEST-OFF IN EASTERN EUROPE AND THEY ARE WELL AWARE OF IT. NEVERTHELESS THE REGIME IS NOW FACING A NUMBER OF ECONOMIC PROBLEMS, INCLUDING A SERIOUS SHORTAGE OF HARD CURRENCY. THE OVERALL RATE OF GROWTH IS ALREADY NOTICEABLY REDUCED COMPARED WITH EARLIER YEARS, AND THE ECONOMY IS INCREASINGLY UNLIKELY TO BE ABLE TO FULFILL POPULAR DEMAND FOR RISING PROSPERITY. IN THE LATE 1980S AND 1990S THE GDR IS EXPECTED TO BE FACED WITH AN INCREASING MANPOWER SHORTAGE AND A GROWING ECONOMIC BURDEN FROM HAVING TO PROVIDE FOR A LARGE NUMBER OF PENSIONERS.

12. HOWEVER, A DRAMATIC DETERIORATION OF THE SUPPLY SITUATION AND OF THE CONDITIONS OF WORK AND LIFE IS NOT TO BE EXPECTED. THIS SHOULD MEAN THAT WIDESPREAD DISCONTENT WILL STOP SHORT OF TURNING INTO SERIOUS UNREST AMONG THE WORKERS, THOUGH THERE MAY BE TEMPORARY UNREST IN THE EVENT OF STEEP PRICE RISES. IN THE MEDIUM-TERM THE GDR'S INTERNAL STABILITY IS UNLIKELY TO BE SIGNIFICANTLY ENDANGERED. IN THE LONG-TERM, HOWEVER, THE PULL OF THE WEST MAY MAKE IT INCREASINGLY DIFFICULT FOR THE AUTHORITIES TO CONTAIN PRESSURE FOR IMPROVED STANDARDS.

SECRET

PAGE 01 USNATO 00036 280137Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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AMEMBASSY WARSAW POUCH
USMISSION USBERLIN POUCH

S E C R E T SECTION 32 OF 36 USNATO 13096

13. THE HONECKER REGIME WILL NO DOUBT CONTINUE TO ATTACH
SECRET

PAGE 02 USNATO 00036 280137Z

HIGH PRIORITY TO ITS POLICY OF DELIMITATION FROM THE
FEDERAL REPUBLIC OF GERMANY. ALTHOUGH POLITICAL CONSIDER-
ATIONS INCLINE IT TOWARD CLOSER LINKS WITH OTHER OEMA
COUNTRIES, AS PROPOSED IN THE 1976/81 FIVE-YEAR PLAN,
THE GDR WILL CONTINUE TO NEED WESTERN TRADE AND TECHNO-
LOGY AND IS, THEREFORE, LIKELY TO HAVE AN INTEREST IN THE
MAINTENANCE OF GOOD ECONOMIC RELATIONS WITH THE FEDERAL
REPUBLIC AND OTHER WESTERN STATES.

14. AS FAR AS FOREIGN POLICIES ARE CONCERNED, THE GDR
WILL ALWAYS TRY TO BE RIGIDLY BEHIND THE SOVIET UNION.

HUNGARY

15. IT SEEMS LIKELY THAT THE KADAR REGIME WILL CONTINUE
TO PURSUE THE PRESENT INNOVATIVE ECONOMIC AND CULTURAL
POLICIES WHICH ARE AMONG THE MOST LIBERAL IN EASTERN
EUROPE. THESE POLICIES HAVE SUCCEEDED IN NEUTRALIZING
POTENTIAL DISSIDENT PRESSURE AND IN REACHING ACCOMMODATION
WITH THE CATHOLIC CHURCH. RELATIONS WITH THE NATIONAL
MINORITIES ARE ALSO ON THE WHOLE GOOD.

16. HOWEVER, BENEATH THE SURFACE, THE POTENTIAL FOR
DISAFFECTION REMAINS, AS DOES STRONG HOSTILITY TO RUSSIAN
DOMINATION. A MARKED CHANGE IN THE COUNTRY'S ECONOMIC
OR POLITICAL SITUATION COULD QUICKLY LEAD TO DISAFFECTION
AMONG THE INTELLIGENTSIA AND WORKERS; AND A RETURN TO
HARSHER INTERNAL POLICIES COULD LEAD THE CHURCH TO TAKE
A STAND AGAINST THE REGIME.

17. THE MOST LIKELY SOURCE OF DIFFICULTY LIES IN THE ECONOMIC FIELD. WHILE HUNGARY HAS ACHIEVED CONSIDERABLE ECONOMIC GROWTH IN THE PAST, IT IS NO LONGER BEING MAIN SECRET

PAGE 03 USNATO 00036 280137Z

TAINED AT THE SAME RATE. SERIOUS PROBLEMS FACE THE DEVELOPMENT OF THE ECONOMY AND ARE LIKELY TO REMAIN, E.G. HIGH INDEBTEDNESS TO THE WEST, A SEVERE DEFICIT IN HARD CURRENCY, AND A GROWING LABOUR SHORTAGE. HUNGARY HAS EMBARKED ON A PLANNED REDUCTION IN THE RATE OF GROWTH OF REAL WAGES. THE REGIME HAS SO FAR PURSUDED THE POPULATION OF THE NEED FOR THIS, BUT IT IS NOT CLEAR HOW LONG THIS ACQUIESCENCE WILL LAST. MEANWHILE HUNGARY'S ECONOMIC LINKS WITH THE SOVIET UNION ARE BECOMING MORE AND MORE IMPORTANT.

18. AS LONG AS KADAR REMAINS IN CONTROL THESE DIFFICULTIES SHOULD BE MANAGEABLE. IT IS LESS SURE THAT HIS SUCCESSOR WILL BE ABLE TO CONTINUE A SIMILAR FEAT OF POLITICAL ACROBATICS WITH THE SAME SUCCESS.

19. AS PART OF THE PRICE PAID FOR GREATER INTERNAL FLEXIBILITY, BUDAPEST FAITHFULLY FOLLOWS THE SOVIET LEAD ON FOREIGN POLICY ISSUES AND WILL CONTINUE TO DO SO.

POLAND

20. GIEREK'S ENERGETIC ATTEMPTS, THROUGH LARGE-SCALE INDUSTRIAL INVESTMENT AND ADMINISTRATIVE REFORM, TO RESTORE THE CREDIBILITY OF THE REGIME AFTER THE 1970 UNREST, APPEARED FOR A TIME TO SUCCEED BUT RECENT EVENTS HAVE REVEALED THAT A LARGE GAP STILL REMAINS BETWEEN THE REGIME AND THE POPULACE. NEVERTHELESS, A SIGNIFICANT SEGMENT OF PUBLIC OPINION REGARDS GIEREK AS STILL THE BEST (OR THE LEAST OF THE EVILS) AMONG THE VARIOUS POSSIBLE LEADERS AT THIS JUNCTURE. THE AMNESTY MEASURES TAKEN LAST SUMMER MAY BE INTERPRETED AS A SIGN OF HIS ABILITY TO MAINTAIN A MODERATE LINE EVEN THOUGH HE CONTINUES TO BE ASSOCIATED WITH THE HARDLINERS OF THE PARTY.

SECRET

PAGE 01 USNATO 00036 281026Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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P 271945Z DEC 77

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USMISSION USBERLIN POUCH

S E C R E T SECTION 33 OF 36 USNATO 13096

C O R R E C T E D C O P Y (TEXT)
SECRET

PAGE 02 USNATO 00036 281026Z

21. BEFORE THE ABORTIVE ATTEMPT TO RAISE FOOD PRICES WHICH SPARKED OFF THE WORKERS' RIOTS IN 1976, THERE WAS ALREADY WIDESPREAD DISCONTENT AMONG MOST SOCIAL STRATA WITH CONTINUING SHORTAGES OF CONSUMER GOODS, INCLUDING FOOD. THE INTELLECTUALS, FOR THEIR PART, RESENTED THE TIGHTENING OF THE IDEOLOGICAL REINS FOLLOWING THE HELSINKI CONFERENCE AND THE DECISION TO AMEND THE CONSTITUTION TO EMPHASISE ITS SOCIALIST CHARACTER AND LINKS WITH THE SOVIET UNION. FOR THE FIRST TIME, THE CURRENTS OF OPPOSITION AMONG WORKERS AND INTELLECTUALS FUSED. THEY RECEIVED SUPPORT FROM THE POWERFUL CATHOLIC CHURCH WHICH, THOUGH PUTTING INTO QUESTION THE PARTIAL ACCOMMODATION REACHED BETWEEN CHURCH AND STATE, STOOD OUT STRONGLY IN DEFENCE OF HUMAN RIGHTS. TO THIS WAS ADDED SUPPORT FROM UNIVERSITY STUDENTS, AND PERHAPS PARTLY MOTIVATED BY THEIR DIM JOB EXPECTATIONS.

22. ALTHOUGH THE GOVERNMENT HAS LARGELY RIDDEN OUT THIS STORM, THE MAIN UNDERLYING GRIEVANCES ARE LIKELY TO REMAIN DURING THE PERIOD AHEAD, AND SIMILAR TROUBLE COULD RE-OCCUR.

23. THE KEY LIES MAINLY IN THE ECONOMIC SECTOR. DESPITE CONSIDERABLE ECONOMIC PROGRESS IN CERTAIN SECTORS, FUNDAMENTAL ECONOMIC PROBLEMS REMAIN, INCLUDING A HEAVY EXTERNAL DEBT AND AN ARCHAIC AGRICULTURE. GIEREK HAS ANNOUNCED A SERIES OF IDEOLOGICALLY UNORTHODOX REFORMS DESIGNED TO INCREASE THE SUPPLY OF CONSUMER GOODS. BUT THE GOVERNMENT WILL BE HARD PRESSED TO JUGGLE AN ACUTE BALANCE OF PAYMENTS PROBLEM WITH THE MAINTENANCE OF ECONOMIC GROWTH. CONSUMER DISSATISFACTION IS LIKELY TO REMAIN A DANGER TO THE STABILITY OF THE REGIME OVER THE
SECRET

PAGE 03 USNATO 00036 281026Z

COMING YEARS.

24. SOME PARTY AND GOVERNMENT CHANGES IN COMING MONTHS ARE A POSSIBILITY. THE SOVIET UNION HAS APPARENTLY CHOSEN NOT TO INTERFERE SUBSTANTIALLY WITH THE REGIME'S HANDLING OF THE INTERNAL SITUATION. THEY WOULD NOT HESITATE TO DO SO, HOWEVER, SHOULD THEY JUDGE IT NECESSARY IN ORDER TO RESTORE CONTROL.

25. THE LEADERSHIP WILL CONTINUE TO FOLLOW THE SOVIET LINE IN FOREIGN POLICIES. HOWEVER, POLAND IS SECOND ONLY TO HUNGARY AS THE EAST EUROPEAN COUNTRY MOST OPEN TO THE WEST.

ROMANIA

26. RIGID CENTRALISM IS STILL THE ORDER OF THE DAY FOR INTERNAL POLICY. AN OUTWARD TOLERANCE TOWARDS THE MANY ETHNIC MINORITIES CANNOT CONCEAL THE VIGOROUS AFFIRMATION OF ROMANIAN CULTURAL VALUES.

27. THE CONSERVATIVE MENTALITY OF THE REGIME DOES NOT PREVENT VIGOROUS POLICIES IN TWO AREAS: A DRIVE FOR INDUSTRIAL GROWTH AND AN ASSERTION OF NATIONAL IDENTITY AND OF NATIONAL INTEREST IN ITS DEALINGS WITH COUNTRIES, INCLUDING THOSE OF THE WARSAW PACT. THIS DIVERTS PUBLIC ATTENTION FROM THE REGIME'S AUTHORITARIAN FEATURES AND MAKES FOR A CLOSING OF RANKS AROUND THE RULING GROUP. THERE HAS BEEN DISSIDENCE IN ROMANIA TOO, BUT IT HAS REMAINED VERY LIMITED. THERE HAVE ALSO BEEN STRIKES, PARTICULARLY IN THE JIU VALLEY COAL MINES.

28. ROMANIA REMAINS THE FASTEST GROWING EAST EUROPEAN ECONOMY AS FAR AS GNP IS CONCERNED, THOUGH THE CONSUMER

SECRET

PAGE 01 USNATO 00036 280230Z

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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AMEMBASSY COPENHAGEN POUCH

AMEMBASSY LISBON POUCH

AMEMBASSY LONDON POUCH

AMEMBASSY LUXEMBOURG POUCH

AMEMBASSY MADRID POUCH

AMEMBASSY MOSCOW POUCH

AMEMBASSY OSLO POUCH

AMEMBASSY OTTAWA POUCH

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AMEMBASSY WARSAW POUCH

USMISSION USBERLIN POUCH

S E C R E T SECTION 34 OF 36 USNATO 13096

HAS BENEFITTED ONLY TO A LIMITED EXTENT. INDUSTRIAL OUT-
SECRET

PAGE 02 USNATO 00036 280230Z

PUT IS INCREASING AT A FAST RATE, AND THE REGIME HAS CONFIRMED ITS COMMITMENT TO FORCED INDUSTRIALISATION. NEVERTHELESS THE COUNTRY IS EXPERIENCING A SLOWDOWN IN MANY SECTORS AND IN THE ECONOMY AS A WHOLE. MANPOWER, ENERGY, PRODUCTIVITY AND INDEBTEDNESS PROBLEMS WILL PREVENT THE FULFILLMENT OF THE AMBITIOUS ROMANIAN PLANS, ALTHOUGH SUBSTANTIAL GROWTH WILL CONTINUE IN THE SHORT-TERM.

29. CEAUSESCU CONTINUES TO DOMINATE PUBLIC LIFE; HIS LEADING POSITION IN THE PARTY AND THE STATE IS UNCONTESTED AT PRESENT, BUT MAY BE ERODED IN THE YEARS TO COME.

30. IN FOREIGN POLICY, ROMANIA WILL CONTINUE ITS ATTEMPTS

TO COMBINE CONTACTS WITH THE WEST AND THE THIRD WORLD WITH THE OBLIGATIONS STEMMING FROM THE SOVIET ALLIANCE AND THE POLITICAL, ECONOMIC AND MILITARY LINKS WHICH GO WITH WARSAW PACT MEMBERSHIP. IT IS ESSENTIALLY ON ECONOMIC CONSIDERATIONS THAT BUCHAREST AIMS TO BASE ITS PARTIAL "DESATELLISATION" POLICY, AS CHARACTERISED BY ITS RESISTANCE TO ATTEMPTS TO DEVELOP THE CEMA IN A SUPRANATIONAL DIRECTION AND ITS EFFORTS TO OBTAIN WESTERN RECOGNITION AS A DEVELOPING COUNTRY, WITH ALL THE ECONOMIC BENEFITS THIS ENTAILS.

31. THE RCP'S POLICY OF MARXIST-LENINIST ORTHODOXY INTERNALLY, AND ASSERTION OF A RIGHT TO AUTONOMY IN RELATIONS WITH OTHER PARTIES, CAN BE EXPECTED TO CONTINUE ON ESSENTIALLY THE SAME LINES, AT LEAST AS LONG AS CEAUSESCU REMAINS IN POWER. IN THE PARTICULARLY DELICATE SPHERE OF RELATIONS WITH MOSCOW, ROMANIAN POLICY WILL PROBABLY CONTINUE TO HAVE ITS UPS AND DOWNS, WITH A CORRESPONDINGLY GREATER OR LESSER DEGREE OF INDEPENDENCE.

SECRET

PAGE 03 USNATO 00036 280230Z

ALBANIA

THE SEVENTH CONGRESS OF THE ALBANIAN COMMUNIST PARTY (NOVEMBER 1976) MARKED THE CONCLUSION OF A FIVE-YEAR LONG PERIOD OF PURGES AGAINST VARIOUS PRO-REVISIONIST TENDENCIES AND CONFIRMED IN POWER THE GROUP LED BY THE HOXHA-SHEHU TEAM THAT HAS BEEN RULING ALBANIA FOR THE LAST THIRTY YEARS. NO MAJOR LEADERSHIP CHANGES APPEAR LIKELY IN THE NEXT FEW YEARS (EXCEPT BY NATURAL CAUSES).

33. IDEOLOGY IS STILL IMBUE WITH THE CLASSIC DOGMAS OF STALINISM. A PERSONAL MANAGEMENT OF POWER IS SUPPORTED BY A PERVERSIVE POLICE SYSTEM, AND THE REGIME IS FORCED TO RELY ON A TIGHT INSULATING SCREEN TO PREVENT POLITICO-IDEOLOGICAL INFILTRATION FROM ABROAD. THIS MAY BE EXPECTED TO CONTINUE.

34. IN THE ECONOMIC SECTOR THE AIM REMAINS SELF-SUFFICIENCY, AND THE EMPHASIS STILL LIES ON THE DEVELOPMENT OF HEAVY INDUSTRY. SUCH OBJECTIVES AS RAISING THE LIVING STANDARD AND IMPROVING THE CONSUMPTION LEVEL ARE NEGLECTED. IN THE LIGHT OF THE FAILURE OF THE FIFTH FIVE-YEAR PLAN (1971-1975) AND PROBABLY ALSO AS A CONSEQUENCE OF A REDUCTION IN CHINESE AID, THE ALBANIAN LEADERS HAVE TAKEN SOME LIMITED STEPS TO DIVERSIFY THE COUNTRY'S SOURCES OF SUPPLY AND HAVE SOMEWHAT INCREASED COMMERCIAL TIES WITH THE WEST. OVERTURES TOWARDS CLOSER ECONOMIC RELATIONS WITH THE WEST ARE LIKELY TO CONTINUE, BUT WITHIN STRICT LIMITS, AND WITHOUT AFFECTING THE CONTINUING POLITICAL AND IDEOLOGICAL ISOLATION.

35. THE RECENT COOLING OF RELATIONS WITH CHINA HAS BEEN
CAUSED PARTLY BY DISAPPOINTMENT WITH THE RECENT LEVEL OF

SECRET

PAGE 01 USNATO 00036 280216Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-12
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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S E C R E T SECTION 35 OF 36 USNATO 13096

CHINESE AID AND PARTLY BY IDEOLOGICAL DIFFERENCES ARISING
SECRET

PAGE 02 USNATO 00036 280216Z

FROM CHINA'S RAPPROCHEMENT WITH THE US AND, LATELY,
YUGOSLAVIA, ITS "THREE WORLDS" THEORY AND ITS PRAGMATISM -
ALL ELEMENTS OPPOSITE TO ALBANIAN IDEOLOGY AND POLICIES.
A COMPLETE BREAK, HOWEVER, DOES NOT APPEAR LIKELY, BECAUSE
NEITHER HAS ANYTHING TO GAIN FROM A BREACH AT PRESENT.

36. SO LONG AS HOXHA REMAINS THE LEADER, NO RAPPROCHEMENT WITH MOSCOW APPEARS CONCEIVABLE. AFTER HOXHA, IT IS TOO DIFFICULT TO VENTURE INTO FORECASTS. THE ONLY CERTAIN THING IS THAT A RETURN OF ALBANIA INTO THE FOLD OF MOSCOW - A DEVELOPMENT WHICH THE SOVIET UNION WOULD NO DOUBT FOSTER BY ALL MEANS - WOULD HAVE A DESTABILISING EFFECT IN THE BALKAN AREA AND THE MEDITERRANEAN. THE FIRST CONSEQUENCE WOULD BE A SERIOUS DANGER TO YUGOSLAVIA, WHOSE SOUTHERN REGIONS WOULD BE SURROUNDED BY TWO ALLIES OF THE SOVIET UNION - BULGARIA AND ALBANIA BOTH WITH STRONG ETHNIC LINKS WITH THOSE TERRITORIES. ON A BROADER PLANE, THE LIKELY APPEARANCE OF BASES AND SUPPORT SITES FOR THE SOVIET FLEET IN THE OTRANTO CANAL WOULD OMINOUSLY IMBALANCE THE SITUATION IN THE MEDITERRANEAN.

ANNEX II TO ISD/165 (2ND REVISE)

SPECIAL ASPECTS OF AIMS AND TRENDS IN SOVIET FOREIGN POLICY

- PENDING RECEIPT OF ADDITIONAL COMMENTS, ESPECIALLY
- SOVIET POLICY AND ACTIVITIES IN THE BALTIC REGION,
- THIS SECTION HAS NOT BEEN FURTHER REVISED. AT A
- LATER STAGE AN EFFORT SHOULD BE MADE TO INSERT IT
- INTO THE MAIN BODY OF PART I OF THIS STUDY, MOST
- APPROPRIATELY PARAGRAPH 114.

NORTHERN REGION

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PAGE 03 USNATO 00036 280216Z

1. THE STRATEGIC, POLITICAL AND ECONOMICAL IMPORTANCE OF THE NORTHERNMOST PARTS OF EUROPE - OF THE BARENTS SEA, NORWEGIAN SEA AND SVALBARD (SPITZBERGEN) WITH SURROUNDING WATERS HAS BEEN STEADILY INCREASING OVER THE LAST DECADES. SOVIET POLICY AND BEHAVIOUR IN RELATION TO THIS AREA ARE PRIMARILY CONDITIONED BY SOVIET STRATEGIC INTERESTS. THE MOST STRIKING DEVELOPMENT SINCE WORLD WAR II HAS BEEN THE TRONG SOVIET MILITARY BUILD-UP IN THE MURMANSK-KOLA AREA AND THE CORRESPONDING INCREASED SOVIET NAVAL ACTIVITY IN NORTHERN WATERS. SOVIET INTEREST IS FOCUSED ON THE OUTLETS TO THE ATLANTIC AND ON THE NORWAY-ICELAND-GREENLAND OCEAN GAPS. AS A CONSEQUENCE OF THESE DEVELOPMENTS THE ADJOINING TERRITORIES - IN THE FIRST PLACE NORWAY, SVALBARD AND NORWEGIAN WATERS - HAVE BECOME OF INCREASING INTEREST TO SOVIET FOREIGN POLICY AND STRATEGY. THE SOVIET MILITARY BUILD-UP AT MURMANSK-KOLA IS, HOWEVER, NOT CONSIDERED TO BE PRIMARILY DIRECTED AGAINST NORWAY OR SCANDINAVIA: IT SHOULD RATHER BE SEEN AS AN IMPORTANT ELEMENT IN THE CENTRAL STRATEGIC BALANCE. THE SOVIET UNION HAS DEMONSTRATED AN AMBITION TO BE ABLE TO CONTROL IN AN EMERGENCY THE BARENTS SEAS AND THE NORWEGIAN SEA AS FAR OUT TO THE WEST AND THE SOUTH AS POSSIBLE. THERE IS AN INCREASING EMPHASIS

ON THE ABILITY TO PERFORM MORE COMPLEX TASKS, INCLUDING
MORE EXTENSIVE OPERATIONS IN THE NORTH ATLANTIC. THE
CENTRAL AIMS OF SOVIET POLICY IN THESE REGIONS SEEM TO BE:

- TO MAXIMISE SOVIET SECURITY
- TO PROMOTE SOVIET POWER INTERESTS
- AND TO STRENGTHEN SOVIET POLITICAL AND ECONOMIC
INFLUENCE.

SECRET

PAGE 01 USNATO 00036 280139Z
ACTION EUR-12

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AMEMBASSY BRUSSELS POUCH
AMEMBASSY BUDAPEST POUCH
AMEMBASSY COPENHAGEN POUCH
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AMEMBASSY REYKJAVIK POUCH
AMEMBASSY ROME POUCH
AMEMBASSY SOFIA POUCH
AMEMBASSY THE HAGUE POUCH
AMEMBASSY WARSAW POUCH
USMISSION USBERLIN POUCH

S E C R E T SECTION 36 OF 36 USNATO 13096

THE SOVIET UNION HAS TRIED TO SECURE THE MAXIMUM SOVIET
SECRET

PAGE 02 USNATO 00036 280139Z

INTERESTS AND CONTROL IN CONNECTION WITH THE DELIMITATION OF SHELF AREAS AND ESTABLISHMENT OF ECONOMIC ZONES IN THE BARENTS SEA AND TO MAINTAIN SOVIET PRESENCE AND INTEREST IN SVALBARD. IN GENERAL, LONG-TERM SOVIET AIMS ARE NO DOUBT TO SEEK INCREASED INFLUENCE IN THE NORDIC AREA AND TO REDUCE WESTERN INFLUENCE AND INTERESTS THERE. IN PRACTICE SOVIET POLICY SEEMS TO HAVE ADAPTED TO THE PRESENT ALIGNMENT OF THE NORDIC STATES IN THE FIELD OF SECURITY POLICY AND TO PURSUE SOVIET AIMS MAINLY BY TRADITIONAL MEANS OF DIPLOMACY, CONTACTS AND CO-OPERATION. THE NORDIC STATES ARE CONSTANTLY REMINDED THAT MOSCOW IS KEEPING CLOSE WATCH ON ALL DEVELOPMENTS WHICH MAY HAVE SECURITY POLITICAL IMPLICATIONS AND WOULD OPPOSE ANY DEVELOPMENTS WHICH MOSCOW WOULD CONSIDER TO BE CONTRARY TO HER LONG-TERM INTERESTS. END TEXT. BENNETT

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<< END OF DOCUMENT >>

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